مكتبة الأوسط

FINANCIAL TIMES

Europe's Business Newspaper

WEEKEND AUGUST 14 AUGUST 15 1993

UN talks continue on Serb withdrawal from Sarajevo area

United Nations officials met Bosnian Serb leaders in Sarajevo in an attempt to resolve the dispute over Serb withdrawal from mountains overlooking the city. Serb leader Radovan Karadzic insisted that his troops had withdrawn but that UN officials were "confused" about the ceasefire line. In Geneva, peace talks were postponed until Monday to allow time to settle the dispute. Meanwhile, several European countries stepped up humanitarian efforts. In Britain, the first stage of an airlift got under way to evacuate severely injured victims from Sarajevo. Page 2; Still divided over calling the shots, Page 7

Israel agrees to talks with PLO

Palestine Liberation Organisation leader Yassir Arafat (left) appears to have outmanouvred Israeli prime minister Yitzhak Rabin in the reorganisation of his Middle East peace delegation, as a result of which Israel will hold face-to-face talks with negotiators openly representing the PLO when the next round of the Middle East peace process opens in Washington. Page 22

GM faces demand for documents: The US Justice Department has stepped up its investigation of the industrial spying conflict between General Motors and Volkswagen by demanding to see all GM documents relating to the case. Page 22

50 die in hotel collapse: More than 50 people died and 270 were hurt when a hotel in north east Thailand collapsed during heavy rain. A British woman tourist was missing.

Korean reform hits market: The Korean stock market tumbled after President Kim Young-sam ordered a ban on use of aliases in financial transactions in his fight against corruption and the large underground economy. Page 3

British Midland and American Airlines are to co-operate to attract passengers to the UK carrier's European services who might otherwise have travelled on British Airways. Page 4

Euro Disney, troubled leisure group behind the Euro Disneyland theme park near Paris, confirmed it was heading for heavy losses this year as it reported quarterly revenues down to FFr1.47bn ($243m) from FFr1.5bn in the same period of 1992. Page 10

Daiwa Bank has stepped in to rescue Japanese broker Cosmo Securities, which reported an extraordinary loss of Y69.8bn ($677m) due to manipulation of its clients' accounts. Page 10

Lagos uncovers bomb plot: Nigeria's military government stepped up its propaganda campaign against its opponents claiming it had uncovered a plot by "terrorists" to carry out a bombing campaign in three big cities. Page 2

Medeva faces US lawsuit: British pharmaceuticals company Medeva faces a US lawsuit alleging it misled shareholders by making over-optimistic statements about prospects and did not reveal problems on time. Medeva, which issued a profits warning last month, said it would fight the case.

Unilever, Anglo-Dutch food and consumer products group, reported a 7 per cent rise in pre-tax profits to £564m for the second quarter. Page 8; Lex, Page 22

Mafia suspect arrested: Italian police arrested Felice Maniero, 38, one of the country's most wanted Mafia suspects, after raiding a yacht off Capri. Maniero, who faces accusations of criminal association and drug trafficking, had been a fugitive for more than two years.

China executes businessmen: Five people, including three businessmen, were executed in China's southern Hainan province for a multi-million-dollar embezzlement scheme.

Life peerages: Brenda Dean, former general secretary of the UK printing trade union Sogat, is among life peers announced in London. Others include Sir Paul Dean, former Commons deputy Speaker and Tory MP, and Sir Christopher Tugendhat, chairman of Abbey National and a former vice-president of the European Commission. Page 5

STOCK MARKET INDICES		
FT-SE 100:	3010.1	(+1.0)
Yield	3.81	
FT-SE Eurotrack 100	1276.24	(-4.60)
FT-A All-Share	1496.3	(+0.1%)
Nikkei	20,745.17	(-20.11)
New York lunchtime		
Dow Jones Ind Ave	3589.37	(+0.28)
S&P Composite	449.88	(+0.92)
US LUNCHTIME RATES		
Federal Funds:	3%	
3-mo Treas Bills: Yld	3.075%	
Long Bond	98⅝	
Yield	6.329	
LONDON MONEY		
3-mo Interbank	5⅞%	(same)
Liffe long gilt future:	Sep 113⅞	(Sep112⅞)
NORTH SEA OIL (Argus)		
Brent 15-day (Sep)	$17.04	(16.7)
Gold		
New York Comex (Aug)	$369.3	(375.3)
London	$368.75	(375.25)

STERLING		
New York lunchtime:		
$	1.45735	
London:		
$	1.4595	(1.463)
DM	2.4975	(2.5175)
FFr	8.8375	(8.8475)
SFr	2.2275	(2.2375)
Y	149.25	(151)
£ Index	80.0	(80.8)
DOLLAR		
New York lunchtime:		
DM	1.71255	
FFr	6.084	
SFr	1.5265	
Y	102.85	
London:		
DM	1.7105	(1.72)
FFr	6.055	(6.0475)
SFr	1.5265	(1.5265)
Y	102.2	(103.15)
$ Index	66.1	(65.9)
Tokyo close Y 102.4		

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Deal paves way for North American trade pact

By George Graham in Washington

CANADA, Mexico and the US yesterday agreed a package of measures that could open the way for a comprehensive North American Free Trade Agreement, creating a free trade zone of 370m people.

However, yesterday's accord on measures to protect workers and the environment may not be enough to win US Congress support for the deal.

In telephone negotiations that ran late into Thursday night, Mexican and US government members bowed to Canada's refusal to allow the treaty to be enforced through trade sanctions. The concession ended an impasse that had threatened to sink the entire agreement.

Under a compromise, Canada will have special treatment. Complaints brought under the treaty against Mexico or the US would be enforced through trade sanctions. In Canada, they will be enforced through the courts.

The original Nafta was agreed last year by former US president George Bush, President Carlos Salinas of Mexico and Mr Brian Mulroney, the former Canadian prime minister. Mr Salinas's term ends in September next year.

President Bill Clinton has insisted that he could not support the agreement without side deals that provided adequate protection for US workers and for the environment. However, Ms Kim Campbell, Canada's new prime minister, has resisted making concessions to US demands in the run-up to a general election.

The side agreements spell out principles of labour and environmental protection, and provide for any Nafta country to complain against the persistent failure of another country to enforce its own laws in these areas.

If the complaint is upheld by an arbitration panel, the offending country could be obliged to remedy its failure and could be fined up to $20m.

It is clear, however, that the side agreements have not appeased trade union and environmental groups, which fear the Nafta could encourage jobs and polluting industries to migrate to Mexico, where environmental laws are less stringent and workers' rights less well protected.

Some members of Congress appeared satisfied by the new agreements. Senator Max Baucus of Montana, who chairs the Senate environment committee, said he was generally pleased.

But Mr Richard Gephardt, the leader of the Democratic majority in the House of Representatives and a key figure in the vote on Nafta, said he could not support the agreement as it stands.

"The side agreements fall short in important respects and taken alone are not supportable," Mr Gephardt said.

While most Republicans seem likely to support the deal, Mr Clinton is not eager to force the trade treaty through against his own party's wishes, and is reluctant to divert political capital from the healthcare reform battle, which is more central to his programme.

Mr Kantor acknowledged it would be difficult to win enough votes to pass Nafta. "I think it is going to be a very tough fight but I think we are going to win," he said yesterday.

Details, Page 3

Belgium and France urge tough controls on international speculation

Call for curb on ERM trading

By Lionel Barber in Brussels and James Blitz in London

BELGIUM, current president of the European Community, and France have joined forces to call for tougher measures to stop currency speculators forcing devaluations of currencies inside Europe's exchange rate mechanism.

The calls reflect growing political pressure on the European continent for action to curb international trading practices in the currency markets, tempered by a realisation of the political and financial risks involved.

On Thursday, Mr Edouard Balladur, the French prime minister, blamed currency speculators for the crisis in the ERM and called for reform of the international monetary and financial system.

Mr Philippe Maystadt, Belgium's finance minister, noted pointedly yesterday that currency speculation was "a type of transaction which does not know any rules, no costs and no taxes".

But an EC official warned that the reimposition of capital controls would split the EC and deal a serious blow to the single European market. "It is like using a nuclear weapon," he said.

The political pressure follows a month in which the credibility of the ERM has been severely undermined by currency speculation. The EC finance ministers agreed two weeks ago to widen the fluctuation bands in an effort to save the system and staunch further selling of currencies, particularly the French franc.

Yesterday the franc fell heavily against the D-Mark, dropping nearly 2½ centimes to FFr3.538, its lowest ever close against the German currency. The Danish krone also fell sharply for the second day running, dropping to DKr4.1425 against the D-Mark after opening at DKr 4.1275. The Dutch guilder also fell.

The principal reason for the franc's fall was this week's disclosure that the Bank of France had negativa net foreign currency reserves. Markets were also unnerved by Mr Balladur's comments that France was considering exchange controls.

At the close of ERM trading, there were almost 8¼ percentage points dividing the strongest and weakest currencies, more than half the new 15 per cent fluctuation band agreed on August 2.

EC ministers appear to be using psychological warfare to strengthen currencies against speculative attack. Mr Maystadt said it would be "imprudent" to narrow the ERM's new 15 per cent fluctuation margins without first having perfected "weapons of defence" to counter speculative movements.

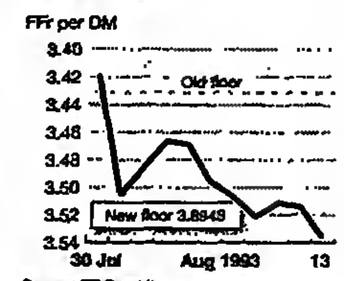
In La Libre Belgique, Mr Maystadt stressed that he was not advocating a reimposition of controls to stop the free movement of capital in the EC: "But we must find ways so it is no longer easy for speculators to place the [European Monetary] System in difficulty."

EC finance ministers are scheduled to discuss the ERM crisis on September 13 in Brussels. Without pre-empting the talks, Mr Maystadt suggested ministers may wish to discuss the possible use of "safeguards", a reference to powers cotained in the 1988 EC capital movement directive.

Uoder Article 3 of the directive, the European Commissioo may authorise member states to take protective measures lasting up to six months, "where short-term capital movements of exceptional magnitude impose severe strains on foreign exchange markets and lead to serious disturbances in the conduct of national monetary and exchange rate policies".

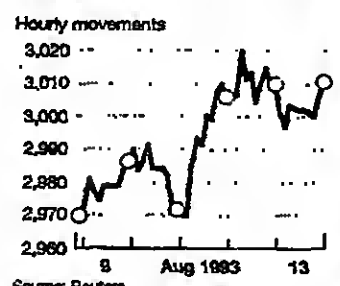
Member states may also take protective measures on their own initiative, as a matter of urgency, subject to Commission approval at a later date.

French franc



Source: FT Graphite

FT-SE 100



Source: Reuters

UK shares close at new high

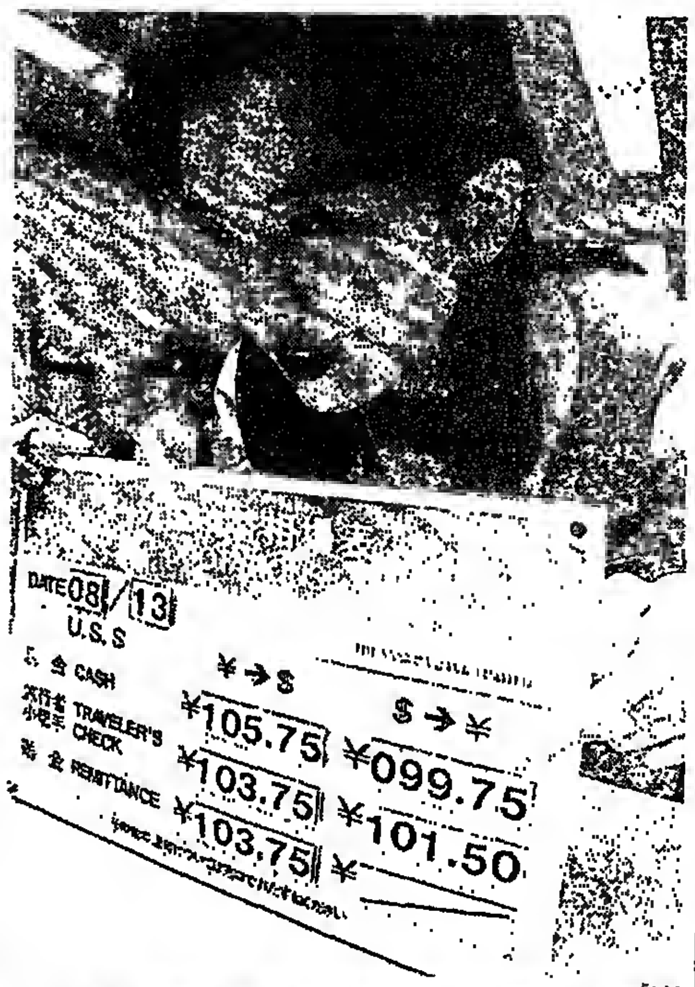
THE FT-SE 100 finished yesterday at a record close, completing a week in which mounting expectations of a UK interest rate cut pushed the share index through 3,000 for the first time, writes Emma Tucker.

The index closed up 40.3 on the week at 3,010.1, with Thursday's poor economic news, including a sharp fall in UK manufacturing output and a small rise in unemployment, encouraging hopes for an early loosening of monetary policy.

This sentiment, together with a strong D-Mark, pushed the pound lower on the foreign exchanges. Sterling ended the day down two pfennigs at DM2.4975.

There was good news for the government in tha latest unit waga and productivity figures published yasterday which showed that industry's competitiveness continues to improve. Wages and salaries per unit of manufacturing output fell by 3 per cent in the three months to the and of June, compared with the same quarter a year ago, while productivity rosa by 8.2 per cent.

Industry hones competitive edge, Page 5; London stocks, Page 13; Lex, Page 22; Markets, Weekend II



Reuter

A Tokyo bank clerk indicates exchange rates yesterday after tourist rates in the Japanese capital hroke through Y100 to the doliar for the first time. The yen closed in Tokyo at a record Y102.40 to the US currency compared with Y103.37 on Thursday. Report, Page 3

NatWest set to sell off mortgages to free up capital

By John Gapper, Banking Editor

NATIONAL Westminster Bank has written to some of its 230,000 mortgage borrowers to say it is considering selling their mortgages. It intends to offer investors debt securities backed by monthly mortgage repayments.

The move comes amid a surge in mortgage lending by UK banks and could lead to a push towards such "securitisation" of mortgages. Banks are keen on the technique because it allows them to remove from their balance sheets assets which otherwise absorh scarce capital.

Mortgage securitisation is common in the US, but has only been used extensively in the UK by centralised mortgage lenders. Barclays pioneered the technique among clearing banks with a single £175m issue in 1989, but has not repeated it.

Mr Richard Ferrett, bead of asset management, said the bank's National Westminster Home Loans subsidiary had written to 5 per cent of borrowers. It would not sell the mortgage of any customer who objected to the idea.

Mr Ferrett said customers would not be affected by the securitisation of mortgages because NatWest would still set the repayment interest rates, and handle problems such as custom-

Continued on Page 22

NatWest sets ont on a missioo to explain, Page 5

Fraud auditors freeze BT3 share allocation to hundreds

By Andrew Jack

INVESTIGATORS have frozen the allocation of British Telecom shares to several hundred individuals suspected of making illegal multiple applications in the recent BT3 offer.

Fraud auditors at accountants Price Waterhouse are gathering more information from prospective shareholders to determine whether they had made more than one application each.

Some of those identified have not made multiple applications or have done so as a result of honest mistakes, but others appear to have wilfully committed offences which could lead to fines or imprisonment, the auditors said.

Investigators have traced multiple applicants through signs such as parents applying on behalf of large numbers of children, individuals giving a variant of the same name from different addresses, and apparently unconnected applications supported by cheques from the same person.

The auditors' work has been based so far on manual inspection of tens of thousands of application forms in the offices of the banks handling the share offer.

This will be supplemented by computer analysis once the database containing the amended BT share register has been delivered to Price Waterhouse.

Mr Keith Tilson, a privatisation partner at the firm, is co-ordinating the fraud detection work. He said he felt instinctively that the proportion of fraudulent applications was lower than in previous public share offerings.

He said this reflected factors including the smaller profits to be made on "stagging" (selling the shares on immediately), than in earlier privatisations and the end of the 1980s boom.

Others have been deterred by prosecutions and investigations against those who made multiple applications for previous offers, and by the fact that BT3 applicants were pre-registered, giving time to filter out false identities.

Price Waterhouse does not expect to conclude its fraud audit until the end of the year, when evidence will be passed to the police and the Crown Prosecution Service.

CONTENTS

Austria Sch30; Bahrain Din1.250; Bermuda $1.65; Belgium BFr65; China Fec 13.0; Canada C$1.40; Croatia HRD5700; Cyprus C£1.00; Czech Rep CZK45; Denmark DKr15.00; Egypt E£4.50; Finland Fmk12; France FFr9.00; Germany DM3.30; Greece Dr300; Hong Kong HK$16; Hungary Ft172; Iceland IKr215; India Rup40; Indonesia Rp5,000; Israel NIS5.90; Italy L2700; Japan Y500; Jordan JD1.50; Korea Won 2500; Kuwait Fils800; Lebanon $US1.25; Luxembourg LFr65; Malaysia Rm4.50; Malta Lm0.60; Morocco Dh14.00; Nigeria Naira45.00; Netherlands Fl3.75; Norway Nkr16.00; Oman OR1.50; Pakistan Rs50; Philippines Peso 45; Poland Zl 22,000; Portugal Esc310; Qatar QR12.00; S.Arabia Rs11.00; Singapore S$4.10; Slovak Rep KS.45; Slovenia SLT220; South Africa R12.00; Spain Pta210; Sri Lanka Rup30; Sweden Skr15.00; Switzerland SFr3.30; Taiwan NT$65; Thailand Bht60; Tunisia Din1.250; Turkey L8000; UAE Dh11.00; USA $1.25 (Alaska & Hawaii $1.75)

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Terrorist campaign blamed on 'disgruntled politician'

Lagos says bomb plot uncovered

By Paul Adams in Lagos

NIGERIA'S military government stepped up its propaganda campaign against its opponents yesterday, claiming it had uncovered a plot by "terrorists" to carry out a bombing campaign in three big cities, including the capital.

A statement by Mr Uche Chukwumerije, information minister, alleged that a "disgruntled politician" was funding a destabilisation plan from to August 16 to 25 which would create a "national atmosphere of insecurity" by a series of explosions in Lagos, Abuja and Kaduna.

Although the statement did not identify the politician, most Nigerians assumed it referred to Chief Moshood Abiola, the victorious candidate in the June presidential poll which was subsequently annulled by President Ibrahim Babangida.

A civil disobedience campaign in support of Mr Abiola's claim to be the next president of Nigeria stopped business in Lagos and other south-western cities for the second day yesterday, but once again failed to win support outside the south-west, the Yoruba homeland of Mr Abiola.

Mr Chukwumerije said the plot also involved blowing up the north-south oil pipeline from Port Harcourt to Kaduna and the same conspirator was giving N10m (£270,000) to the Nigeria Labour Congress and other dissident activists "to step up their opposition to the government".

He urged Nigerians of the folly of "suicide missions on behalf of a fleeing field marshal... at a safe distance at the headquarters of ITT in the US" - a reference to Mr Abiola, who once represented the telecommunications giant in Nigeria.

Mr Abiola has been in the US and UK to lobby for punitive measures against the military regime if it does not hand over to an elected civilian government on August 27.

The development has led to speculation that it may be difficult for Mr Abiola, now in London, to return to Nigeria and pursue his claim on the presidency.

A spokesman in the president's office denied knowledge of the source of the allegations.

The period of the alleged conspiracy covers the run-up to the formation of an unelected interim government, which Mr Abiola and most of his supporters have denounced.

The president may reveal details of the interim government in an address to the National Assembly on Monday or Tuesday at a parade on his birthday in Abuja, the new federal capital.

On August 23, four days before the scheduled handover, the government is also set to remove partially the petroleum price subsidy. A new high-grade petrol will cost 10 times as much as the present official price, which is a mere 3 US cents per litre.

The timing of the move is surprising. It is certain to be highly unpopular and was put back by the government in April because it might have led to riots just before the presidential elections. It prompted speculation yesterday that protests on the August 23 might provide a pretext for the government to stay in office.

In the civil disobedience campaign, there was a slightly increased turnout by staff in the private sector and public transport was working. The government threat to discipline civil servants who stayed away had a limited effect in Lagos. Despite the absence of some senior officials from the Central Bank of Nigeria in Lagos, there were enough junior staff at work to process the weekly bids for $60m of foreign exchange submitted by about a third of the authorised commercial banks.

French chief for EBRD likely

By Gillian Tett and Robert Peston, Banking Editor

MR Jacques de Larosière, governor of the Banque de France, is almost certain to be the next president of the European Bank for Reconstruction and Development, after the Italian government yesterday withdrew its support from the Italian candidate, Professor Guiliano Amato.

Mr Giuseppe Maresca, the Italian director at the EBRD, said he had received a communication from his government yesterday morning, saying it would no longer be supporting Prof Amato, a former Italian prime minister.

Mr Maresca said he had been unable to establish yesterday whether the third candidate, Mr Leszek Balcerowicz of Poland, had decided to continue in the contest. But Mr Maresca said it was almost certain that Mr de Larosière would be elected. The decision to withdraw Prof Amato had been taken in close consultation with Prof Amato himself.

The French Foreign Ministry yesterday welcomed the news. A spokesman said: "We have no confirmation yet that Mr de Larosière is the only candidate. But we think he will be elected now."

The announcement marks the end of several weeks of intense political lobbying among the European countries over the successor to Mr Jaques Attali, the former president of the EBRD, who resigned last month after allegations of financial mismanagement and lavish spending.

Although Mr de Larosière had initially been considered the most likely candidate, the decision by the Italian government last month to submit Prof Amato as a nominee threatened to cause an embarrassing diplomatic split among the European governors.

However, French diplomatic lobbying, and a desire on the part of the EC officials to present a show of European unity, appear to have forced the Italians to back down.

The voting will close on August 18 and the result announced on August 19, or earlier if Mr de Larosière remains the sole candidate.

Geneva peace negotiations postponed; humanitarian efforts stepped up

Sarajevo talks on Serb pull-back

By Laura Silber in Geneva, Gillian Tett in London and Agencies

UNITED Nations officials met Bosnian Serb leaders in Sarajevo yesterday to try to resolve the dispute over Serb withdrawal from key mountains overlooking the city.

Mr Radovan Karadzic, the Bosnian Serb leader, continued to insist that his troops had withdrawn but that UN officials were "confused" about the ceasefire line.

But Commander Barry Frewer, spokesman for UN forces in Sarajevo, said he could not confirm that the Serb forces had fully withdrawn from Mount Igman, a strategic peak which they overran last week.

In Geneva, international mediators Lord Owen and Mr Thorvald Stoltenberg yesterday postponed peace talks until Monday.

The two-day break will give UN peacekeepers in Sarajevo time to settle the Igman dispute and allow the Moslem-led government, the Croats and the Serbs to prepare negotiating positions for full-scale talks.

Mr John Mills, their spokesman, said the additional three-day pause would allow time for the inspection of a ceasefire line by Brigadier Vere Hayes, British chief of staff of UN peacekeepers in Bosnia, and a Bosnian Serb commander, General Manojlo Milovanovic, around Mount Igman, south of Sarajevo.

UN officials admitted that agreeing on the lines of the withdrawal around Mount Igman could take several days, given the bad weather, difficult terrain and small numbers of UN observers in the area.

Bosnia's President Alija Izetbegovic has refused to negotiate on the republic's ethnic partition until Serb forces have completely pulled out from the Igman area, of strategic importance because of a military supply route running to Sarajevo.

The weekend postponement is likely to slow the growing momentum in calls for western military intervention to break the 17-month siege of Sarajevo.

In Washington, US officials yesterday sought to play down earlier threats that they would call for Nato air strikes if the Serbs did not withdraw from the mountain.

Mr Warren Christopher, secretary of state, said he did not think that the time for military action had quite come, although he called on the Serbs to end their "strangulation" of Sarajevo.

Amid signs that the European allies remained nervous of pressing ahead with action too rapidly, the Russian Foreign Ministry sought to distance itself from the threatened air strikes.

Meanwhile, publicity over the plight of Sarajevo prompted several European countries to step up their humanitarian efforts to the city.

In Britain the first stage of a humanitarian airlift got under way to bring out a group of severely injured victims from the city.

The Overseas Development Agency in London said an aircraft was flying from Britain to the Ancona airbase in Italy, where 41 victims to be evacuated from Sarajevo will be picked up this weekend. The Swedish Foreign Ministry said it was set to bring out 14 seriously injured Bosnians.

In Sarajevo, UN officials called for more aid for the city, and a British doctor questioned the UN list of the victims, saying he had seen more pressing cases in the hospitals.

● Serbia has appealed to the International Court in The Hague over alleged Bosnian massacres of Serb civilians. The court is due to hear similar accusations, made against the Serbs, on August 25.

Associated Press

A Serbian woman in the Bosnian village of Strijecevica cries during a funeral for six Serbs, killed in a recent Moslem attack

Judge faces probe in Italy scandal

By Haig Simonian in Milan

MR Diego Curto, one of the most senior judges on the company law bench at Milan's court of justice, has been placed under investigation in Italy's 18-month political corruption scandal.

The move followed an interrogation on Thursday at which Mr Curto, who has been practising law in Milan for the past 34 years, was questioned about his role in the period before the demise of the Enimont chemicals concern.

Executives at Montedison, the industrial arm of the troubled Ferruzzi group, allegedly paid about L135bn (£56m) in kickbacks to politicians during the lifetime of Enimont, the ill-fated chemicals joint venture between Montedison and the state-owned Eni energy and chemicals group.

Attention turned to Mr Curto after the arrest last month of Mr Vincenzo Palladino, deputy chairman of Banca Commerciale Italiana, one of Italy's most prestigious banks, on allegations regarding the Enimont affair.

Mr Palladino, who is also a prominent lawyer and business consultant, was appointed legal guardian of a crucial packet of 80 per cent of Enimont's shares by Mr Curto as the battle for control between Eni and Montedison reached its peak in November 1990.

It has since emerged that Mr Palladino received L4.5bn for his efforts, which lasted just 22 days. About half the money was allegedly paid into a foreign bank account.

Because Mr Curto himself is a judge, the allegations against him of aiding and abetting a crime will be investigated by magistrates in Brescia, which is responsible for disciplinary matters in the Milan judicial district.

Mr Curto, who has presided over some of Italy's most heated corporate battles, yesterday protested his innocence.

Spain waters down plan for wages curb

By Peter Bruce in Madrid

SPAIN'S minority Socialist government yesterday stepped back from a potentially bruising battle with trade unions by withdrawing proposals for a total wage freeze next year.

The retreat came less than a month after the idea was first launched and reflects deep cabinet disquiet about how tough an approach could be adopted in cutting wages and public spending in order to help drag the country out of recession.

Prime Minister Felipe González is keen to get agreement from the unions and employers in the next few weeks on a three-year incomes policy that, initially, was to have included a total freeze on wages and dividends next year, and a rise below inflation in 1995.

Unions quickly turned on the freeze and appear to have scared the government into relaxing the proposal. Mr Alfredo Pastor, deputy economics minister, said after meeting union leaders that the government would now be looking to hold private sector pay rises to 2.5 per cent next year. Union leaders welcomed the movement as "intelligent" but would not say if they accepted that figure as a maximum.

Mr Pastor was less explicit about dividends, though he indicated a similar small rise might be acceptable. He implied the government would hold to its promise to freeze civil service pay next year but left open what would happen to wages in public companies.

The government appeared to be justifying its relaxed wages target by saying that a small rise would help boost domestic spending. Mr Pastor said GDP was expected to grow 0.7 per cent next year, nearly all accounted for by exports.

Pay settlements in Spain are running at over 6 per cent so far this year. Mr Pastor said he expected inflation of around 3 per cent for 1994, a target the Spanish have been declaring and missing for nearly five years. July inflation figures out yesterday showed annualised price rises stable at 4.9 per cent, better than the markets had feared, but underlying inflation remained high at 5.9 per cent.

Mr González has evidently calculated that a concession on wages next year was worth paying to get a quick deal on incomes as informal inter-party negotiations on passing next year's budget begin to take shape. He needs a pay deal by the time the budget reaches parliament in autumn.

So where was Bernard Tapie? Time will tell

By Alice Rawsthorn in Paris

THE tangled saga of Olympique-Marseille, the top French football team whose officials are under investigation for rigging a match against Valenciennes last season, has opened a farcical new chapter.

French police are trying to establish whether Mr Bernard Tapie, the team's owner and a former Socialist minister, tried to bribe the Valenciennes trainer to cover up the scandal.

The O-M scandal, which has dominated the French media throughout the summer, erupted in June when a Valenciennes player admitted accepting FFr250,000 (£28,000) from O-M officials to play badly in a game so the Marseilles club could beat his team.

The scandal broke new heights when Mr Boro Primorac, the Valenciennes team's trainer, accused Mr Tapie of offering him a bribe at a meeting in Paris on June 17 to take the blame for rigging the match.

Luckily for Mr Tapie one of his old cabinet colleagues, Mr Jacques Mellick, mayor of Bethune in northern France, leapt to his defence by saying he was with him in Paris from 2.30pm to 3.30pm on June 17, the time when Mr Primorac said Mr Tapie was trying to bribe him.

But Mr Tapie's alibi seemed to fall apart this week when the police discovered photographs of Mr Mellick addressing a meeting of town hall employees in Bethune on June 17. The dateline on the pictures, taken by a local agency, was 2pm.

Bethune town hall is 220km away from Mr Tapie's office. Mr Mellick could not possibly have been there at 2pm and with Mr Tapie in Paris at 2.30pm.

Where was he?

Mr Mellick has insisted that he was in Mr Tapie's office. He claimed that he was late for the meeting and arrived at the town hall at about 5pm. The employees at the meeting have backed his story - to the police and the French press.

The tide of public opinion seemed to be swinging in Mr Mellick's favour until reports circulated that one of the photographs seized showed the watch of Ms Brigitte Navez, a town hall employee, and that the time shown on the watch did not tally with the mayor's story.

All the police have said is that their examination of the photograph was inconclusive. One of Mr Mellick's aides said at a press conference that Ms Navez's watch was known to be faulty. Meanwhile Mr Mellick, well aware that his own reputation as well as Mr Tapie's hangs in the balance, has agreed to be questioned by the judge investigating the O-M affaire.

Associated Press

Traders gesture during yesterday afternoon's session at the Paris stock exchange. The French currency dropped against the D-Mark

French industrial production down 1.9% in first quarter

By Alice Rawsthorn

THE pressures on the French economy were highlighted yesterday by publication of official figures showing that industrial production fell 1.9 per cent in the first quarter of this year compared with the previous quarter and 4.7 per cent against the first quarter last year.

Yesterday's industrial production figures, released by Insee, the state statistics institute, reflect the downward trend of previous monthly estimates but show an unexpectedly sharp output fall for capital goods, such as aerospace and industrial equipment.

The strains on industry appeared to have alleviated slightly in the second quarter. The provisional production figures for April showed a 0.6 per cent decline from March, but the May figures showed a 0.2 per cent increase. The June figures will be published on Tuesday.

Mr Edmond Alphandéry, economy minister, recently used these figures as evidence that the French economy had stabilised because of the impact of the reductions in interest rates since the centre-right government took power this spring.

However, there is so far no evidence of a recovery in activity. The recent round of first-half turnover figures from French companies has painted a gloomy picture of reduced sales across the corporate sector. A number of leading industrial groups yesterday reported falls in first half sales including Michelin, the tyre maker, Rhône-Poulenc in chemicals and the Bouygues construction company.

"The corporate sector may have stabilised but there is absolutely no sign of a pick-up in demand," said Mr David Harrington, French market analyst at James Capel in Paris. "Companies won't feel the full impact of lower interest rates until early next year."

Perilous problems of EC capital controls

Lionel Barber and James Blitz on the hunt for ERM scapegoats

IN THE hunt for scapegoats for the ERM debacle, foreign exchange dealers present tempting targets. In recent days, ministers in France and Belgium have called for tighter curbs on international currency to curb the power of the "financial speculators".

These calls enjoy wider support on the Continent than might be imagined. Only last year, Ireland, Portugal and later Spain all imposed temporary exchange controls to protect their embattled currencies. Some EC member states made similar noises at the emergency EC finance ministers' meeting in Brussels on August 2 which led to the de facto suspension of the ERM, according to a senior monetary source.

But the political and financial costs of introducing anything which could be interpreted as the re-imposition of capital controls look prohibitive. Such moves would split the EC into a free-trade camp led by the UK, Germany and the Netherlands and a more dirigiste-minded rump, and would be a severe blow to the single market.

As one senior European finance official said this week: "It would mean destroying the present currency market, and that is why I think it is inconceivable. Yet I can imagine that it will be proposed. There would be accusations that we are building not only a trade fortress but a monetary fortress too."

EC finance ministers will debate various options at a meeting in Brussels on September 13. There preference will be for a Community approach rather than allowing "wild-cat" operations by individual member states.

One option likely to be discussed is temporary curbs on overall capital movements of the kind which existed in the UK up to 1979 and which were still in force in many European countries until the mid-1980s.

Under Article 3 of the EC directive providing for the free movement of capital, member states can impose "protective measures" for up to 180 days to deal with adverse currency movements affecting their exchange rate and monetary policies, subject to approval by the European Commission and opinions of the EC's monetary committee and EC Central Bank governors.

Spain, Ireland, and Portugal all invoked this clause last year, and won retrospective endorsement from the Commission. This made it difficult for individuals or banks to borrow a currency quickly in the hope of selling it in currency markets. Similar "safeguard" measures to defend national currencies exist under Article 73 of the Maastricht treaty.

The drawback is that the country which re-imposed such controls would face a heavy financial burden, because it would unwind the heavy international investment in European bond and equity markets that has accompanied the single market programme.

Spanish equity market prices fell sharply after the government's imposed temporary controls to defend the peseta. Some economists have pointed out that it would be extraordinary for France to re-impose such controls at a time when it is privatising some of the country's big utilities by means of stock market flotations.

Alternatively, a government could tax the foreign exchange profits of the main commercial banks operating within its borders. The danger is that the foreign exchange business is a global 24-hour market. Banks could easily respond to such legislation by shifting their operations offshore.

A tax on the profits of commercial banks might not hit the currency speculators, either. In the recent ERM crises, the principal movers of capital have been hedge funds based in New York and pension funds all over the world who own international assets. Commercial bank dealers could argue that their main role is as intermediaries between the main players.

However, one leading figure in the London foreign exchange market suggested yesterday that France could consider legislation that would force commercial banks on its territory to lodge funds with the central bank in amounts that match their lending to overseas parties.

In recent ERM crises, the method by which international speculators have operated has been to borrow francs from French banks in huge quantities, sell the currency and then buy it back at a cheaper exchange rate.

If commercial banks had to lodge a sum with the central bank that was equivalent to their overseas lendings, they would in effect lose any interest premium on the loan.

This method of controlling speculation was used by the Bank of England in the 1970s under the "corset" scheme and in Germany in the so-called Bar-Depot scheme.

"It would be hard to implement, and would probably need all the OECD countries acting together," said the London banker. "But I would not be surprised if the Bank of France were considering such a move this week."

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Tokyo's hotels adjust to the one-cent yen

By Gordon Cramb in Tokyo

THE SIGNBOARD at the wood-panelled foreign exchange counter of Tokyo's Imperial Hotel yesterday told the whole story. Those with dollars to sell would get just Y99.75 per greenback. For the first time, the yen was worth more than a US cent.

According to Mr Akihisa Inaba, a manager at the hotel: "Many Americans came to look, but when they saw the board they just shook their heads and said "No, not today"."

Whether next week will be any better remains to be resolved between the country's new coalition government and the currency speculators who are punting on wholesale rates for the dollar breaking Y100 and going even lower.

Japanese officials are trying to talk down the yen as car makers and others tremble at the impact of its appreciation on exports. But those feeling it first are in the hotel lobbies.

As the Imperial's cashier gestured obligingly for photographers capturing the unprecedented exchange rate on the board behind her, one American businessman muttered while he checked out, counting out small change: "I don't know why I carried around all this stuff."

Another visitor put him right on the value of the lightweight aluminium coinage, which Japanese in an otherwise tip-free society happily discard into jars beside cash registers in convenience stores. "Listen, when I got here last week I ignored it too. Now it stays in my purse because I know it's worth something."

American tourists have not been easily deterred by the strength of the yen in recent years, and the number visiting the country as holidaymakers last year grew by nearly 3 per cent to reach almost 300,000. Their habits are becoming more frugal, however.

On their way to witness a tea ceremony at the Imperial, Mrs Rachelle Levy and her son Frank from Des Moines, lowe, sought refreshment at a pavement vending machine which dispensed a can of Coke for a haarable Y110, rather higher than the Midwest going rate, but about a fifth of Tokyo hotel prices.

"It contributes to an inferiority complex if you can't buy things as easily as in your own country," said Mr Levy. "You feel e bit second-class." The only advantage, according to his mother, is that a rate of Y100 to the dollar "makes things easier to work out - we've been computing on that basis anyway."

The basis on which the Imperial Hotel computes has been thrown a hit by the latest surge in the yen.

Just under 10 per cent of its guests are Americans, most of whom are on business and are not spending their own money. But at Y33,000 a night for a room and occupancy dropping anyway because of the economic downturn at home, "we assume this year there will be fewer autumn bookings from abroad," says Mr Inaba. "We are thinking what to do about it."

Currency surge 'could prolong slowdown'

By Gordon Cramb

THE YEN yesterday climbed towards the Y100 level against the dollar, with persistent intervention by the Bank of Japan in the Tokyo foreign exchange market only partially curbing its advance.

Tourist rates in the capital broke through Y100 to the dollar for the first time.

In a flurry of press conferences, Japanese government agencies and ministers from the new seven-party ruling coalition voiced renewed concern that the appreciation of the yen, in hampering exports, was in danger of prolonging the country's economic slowdown.

The yen closed in Tokyo at a record Y102.40 to the dollar compared with Y103.37 on Thursday and Y104.35 a week ago. It touched Y101.80 during the day. Dealers said the central bank entered the market to sell yen for dollars and may also have bought D-Marks.

Mr Tsutomu Tanaka, deputy director general of the Economic Planning Agency, blamed the appreciation of the yen on the upheavals in the European Monetary System. He called on European Community monetary authorities to act swiftly in stabilising their currencies.

Mr Hirohisa Fujii, who took over as finance minister on Monday, said after a morning cabinet meeting that Japan would liaise with other leading industrialised countries and was "ready to take appropriate and timely steps against undesirable market developments".

Mr Jiro Saito, his deputy, added later that Japan was urging the other Group of Seven economic powers to help stem a rise against the dollar which he described as "too fast." He noted that a G7 agreement in April to co-operate in stabilising the main traded currencies remained in force.

Their comments were taken in the market to indicate that the Bank of Japan will continue its efforts to rein back the yen. Analysts also thought a further cut in the official discount rate, perhaps of as much as half a percentage point from the current 2.5 per cent, may be in prospect by next month.

Indications in the spring that the domestic slowdown might have bottomed out have given way in recent weeks to fears that the economy has entered a double-dip, although Mr Saito rejected this yesterday.

Indicating its conservative budgetary approach, the cabinet yesterday decided to hold the overall increase in government spending next year to 3.8 per cent, the lowest in four years, while leaving room for a 5 per cent growth in public fixed investment.

Economic indicators released yesterday gave little cause for optimism. The Bank of Japan said domestic wholesale prices for last month were unchanged from June and down 1.6 per cent from a year earlier, assisted by cheaper oil imports because of the stronger yen - ministries are in dispute about to what extent these should be passed on to consumers.

Bankruptcies in July, according to Teikoku Data Bank, exceeded 1,000 for the sixth successive month but the liabilities involved were down 23.3 per cent year-on-year. This was in spite of the fact that they included the collapse of Nikkatsu, a film producer, with debts of nearly Y50bn.

Cosmo Securities rescued by Daiwa Bank, Page 10

Korean reform touches a raw nerve

By John Burton in Seoul

SOUTH KOREA'S financial markets yesterday discovered what President Kim Young-sam meant when he said that his political and economic reforms involved "pain-sharing".

The Korean stock market tumbled and other financial institutions were thrown into paralysis after President Kim's surprise announcement ordering an immediate ban on use of aliases in financial transactions, his latest move against corruption and the large underground economy.

Businessmen were seen weeping in restaurants when news of the swift presidential action broke Thursday night, but the general public welcomed the move as an appropriate come-uppance for the wealthy and powerful who tried to hide their fortunes from tax collectors.

"I'm in real trouble. What am I going to do?" said a 23-year-old false name account holder working for a foreign firm.

Although stock trading was restricted to two hours in the afternoon, brokers were inundated by selling orders, totalling 100m shares with an estimated value of Won2,000bn (£1.6bn), as investors tried to liquidate stock portfolios held under false names.

However, trading limits prevented the market from crashing, curbing the decline to 4.46 per cent fall for the Korean composite index, which ended at 693 against 725 on Thursday. All but three shares declined to their daily bottom limit on the bourse.

The lack of buyers meant that stock trading was unusually light at 1.3m ahares, compared with last week's average of 15m shares.

Under the emergency presidential decree, those engaged in financial transactions had to produce identification to prove ownership of their accounts, a procedure that brought some financial operations to a grinding halt.

Tempers flared at banks as customers came to withdraw money for the Independence Day holiday weekend and were told they had to prove that their real name matched the name on the account. Customers complained they were unable to make withdrawals from their own accounts.

"This is ridiculous," said a European businessman who had to wait an hour to identify himself due to computer problems that plagued the banks yesterday.

The problem was particularly difficult for wives who wanted to make a withdrawal from an account held in their husband's name, since it is common practice in Korea for them to keep their maiden name. Many had to go to local government offices to get a certificate proving their married status.

The problems occurred despite intensive training given yesterday morning to bank staff on how to identify customers before the banks were opened late at 2 pm.

But troubles in identifying customers were not confined to the banks. "I couldn't recognise one long-time client when he identified himself on the phone because he used his real name for the first time," said one Korean broker.

Brokers themselves were thrown in a panic over the real-name system since many use aliases in stock trading to evade a law banning them from making investments.

Some of those who pulled money from their false-name accounts were trying to keep their wealth hidden from the authorities by buying gold and jewellery, prices for which rose sharply on the black market yesterday.

Meanwhile, many short-term lenders on the kerb market remained closed as they complemented the threat of a liquidity drain as false-name account holders pull money from the market, which has been the traditional centre for speculative investments.

A squeeze on the kerb market could cause problems for small and medium companies, which rely on the market for capital.

Mr Lee Kyung-shik, the deputy prime minister for economic affairs, acknowledged that this and other problems may be caused by the introduction of the real-name system.

"The real-name system may affect the financial and stock markets, cause financing difficulties for small and medium business, encourage property speculation and trigger capital flight in the short-term. We are taking steps to minimise these short-term effects," he said.

"But in the long term, it will promote economic growth as it is expected to channel underground money into the industrial sector."

Some analysts predict that the shock to the stock market will ease by the middle of the next week. "We expect the market will bottom out at around 650 as investors take advantage of buying opportunities," said Mr Richard Samuelson of S G Warburg Securities in Seoul.

Seoul orders halt to strike at Hyundai

By John Burton

THE South Korean government yesterday decided to use its emergency powers for a second time within a month to end a strike at Hyundai, the country's largest conglomerate.

It ordered that workers at Hyundai Heavy Industries (HHI), the group's shipbuilding subsidiary, immediately to suspend their industrial action and return to work as a 20-day cooling off period takes effect.

HHI and Hyundai Wood Industries, a furniture company, are the last two of nine companies affected by strikes that plagued Hyundai since early June. The strike at HHI, which began July 5, has cost the group $198m (£135m) in lost sales, including $124m in exports.

The government said it was taking the action because of HHI's importance to the economy as the country's largest shipbuilder.

Negotiations at HHI have become bogged down over the trade union's demand that workers fired for labour activity should be reinstated and that the managers who sacked the workers should be reprimanded.

The government also intervened last month in a dispute at Hyundai Motor, the nation's largest car maker, which led to a quick settlement of the strike.

Side deals on Nafta give accord 'bite'

By Georga Graham in Washington

THE NEW side agreements to the North American Free Trade Agreement negotiated by the US, Mexico and Canada lay down principles and objectives for labour and environmental protection standards in the three countries. But they also establisb a disputes procedure that trade ministers claim will give real bite to the pact.

"These are historic, ground-breaking agreements and have real teeth," Mr Mickey Kantor, the US Trade Representative, said yesterday.

The disputes procedure bas been the main sticking point in negotiations over the last week, with Canada firmly resisting US demands for trade sanctions to be levied if a country does not live up to its obligations under Nafta.

Kantor: ground-breaking

Telephone talks dragged from Monday, when formal negotiations broke up, until early yesterday morning, before a compromise was found that accepts a different procedure for Canada than that applied to the US and Mexico.

The disputes mechanism aims to punish the failure by central or local governments in the three countries to enforce their own labour or environmental laws, rather than the actual breach of those laws by a company or individual.

If complaints of non-enforcement brought by one country against another cannot be satisfied by consultations, an arbitration panel of experts may be set up, on the vote of two out of the three Nafta signatories.

This panel can rule that a country "has engaged in a persistent pattern of failure to effectively enforce." If no action plan to remedy this failure can be agreed on, it can then fine the offending government up to $20m - a maximum that will be adjusted upwards as the volume of trade between the three countries increases.

The split between the negotiators involved the action that would be taken if a country refused to pay this fine or continued in its failure to enforce its labour or environmental laws.

If the US or Mexico defies a panel ruling, the complaining country may impose trade sanctions by suspending the Nafta benefits in proportion to the amount of the fine. This would in effect mean tariffs being raised back towards pre-Nafta levels in specified areas.

Canada, however, has insisted that its own courts should enforce the fine and the action plan.

"The Canadians, with I think some credihillty, aaid their courts were perfectly competent to enforce these orders," said Mr Kantor, adding that the Canadian courts would not he ahle to review or hear appeals against a Nafta panel ruling.

The key principles of the labour agreement - clearly targeted at Mexico - require each country to promote freedom of association, the right to strike and to hargain collectively, a ban on forced labour, restrictions on child lahour, equal pay for men and women, compensation for work accidents and the protection of migrant workers.

While the disputes procedure takes aim only at a country's failure to enforce its laws, rather than at any possible inadequacy in those laws, the Nafta does require each signatory to improve working conditions and living standards over time, with annual reviews set up under the side agreements.

US trade unions have been critical of Nafta, which they believe will allow Mexico to suck jobs away from the US because of lower wages and weaker worker protection and safety standards.

Conservation groups have complained that the treaty would encourage companies to set up dirty factories on the Mexican side of the border, where they would be subjected to lower pollution control standards.

The environmental pact does not set out a list of principles, but the three countries commit themselves to high levels of environmental protection.

Under the agreements, no country may lower its standards of environmental or labour protection: new laws must set higher standards.

Mexico and the US also agreed to set up a border environment institution to co-ordinate and finance action on water and solid waste pollution in the region along their common frontier.

No agreement has yet been reached on the amount of money needed for this - estimates have ranged from around $7bn to $30bn - but Mr Kantor insisted this would be completed in time for the whole Nafta agreement to be submitted formally to the US Congress in September.

NEWS IN BRIEF

Major backs EC bid by Sweden

MR John Major, the UK prime minister, yesterday gave political impetus to Sweden'a bid to join the European Community by saying that the target accession date of January 1 1995 was "realistic," reports Christopher Brown-Humes in Stockholm.

His words, at the end of a three-day visit to Sweden, will have been welcomed by his Swedish counterpart, Mr Carl Bildt, following suggestions that EC membership negotiations involving Sweden, Finland, Norway and Austria are falling behind schedule.

Mr Major said: "I am quite certain that it's a realistic proposition to negotiate within the (existing) time-frame. I don't see that a longer timetable would be more likely to lead to a more satisfactory conclusion."

Mr Major and Mr Bildt said they shared the same vision of "a larger, more open, and less intrusive" European Community.

Estonian vote annulled

Estonia's National Court has annulled the result of last month'a referendum in Narva, a Russified city which voted overwhelmingly for regional autonomy, reports Matthew Kaminski in Vilnius.

The unanimous decision marks the latest act in the conflict between Estonia's government and its Russian minority, around 40 per cent of 1.6m population, over language and citizenship rights.

Moscow, keeping a close eye on the 25m Russian diaspora scattered across the former Soviet Union, repeatedly denounced Estonia's aliens and election laws and similar policies in Latvia, where Russians make up 45 per cent of the population.

Romanian rail militancy

Romanian train drivers yesterday vowed to step up their three-day strike following a supreme court decision declaring their action illegal, reports Virginia Marsh in Bucharest.

Union leaders reacted angrily to the ruling and told the drivers to go on "all-out strike" until demands for a 15 per cent pay rise and new pay differentials were met. The drivers had previously operated limited emergency services.

The strike has brought the country'a railways to a near standstill and, because of the war in the former Yugoslavia, blocked the only east-west route for international rail traffic travelling through the Balkans.

Jamaican minister resigns

Mr Hugh Small resigned yesterday as Jamaica's finance minister following disagreements within the cabinet over proposed changes to the island'a foreign exchange market, Canute James reports from Kingston.

In a letter to Mr P J Patterson, the prime minister, Mr Small said the changes, which were discussed and agreed at a cabinet meeting on Wednesday, were not in keeping with the government's commitment to allow the market to determine the exchange rate.

In a statement, Mr Patterson said the changes, the details of which were not given, were based on concern at the depreciation of the currency over the past few weeks. The prime minister has taken responsibility for the finance portfolio.

Reuter

A French UN civilian policeman searches a boat in east Cambodia yesterday under the eyes of a Malaysian UN marine near where Vietnamese families have been killed by Khmer Rouge forces

Fed inflation scare fades away

By Michael Prowse in Washington

THE inflation scare that alarmed the US Federal Reserve earlier this year seems well and truly over. US consumer prices rose 0.1 per cent last month, following increases of 0.1 per cent in May and zero in June, the Labour Department reported yesterday.

Tha year-on-year rate of inflation dropped to 2.8 per cent last month. Since May consumer prices have risen at an annualised rate of less than 1 per cent, meeting the practical criterion of zero inflation. From Jannary to April consumer prices rose at an annualised rate of over 4 per cent.

Wholesala price inflation is equally subdued. Producer prices fell both last month and in June and rose only 1.3 per cent in the year to July.

Excluding the volatile food and energy components, figures for "core" consumer and wholesale price inflation also show a marked deceleration since May. The improved figures suggest the Fed will delay any tightening of monetary policy for several months.

E Timor rebel has jail sentence cut

By William Keeling in Jakarta

MR Xanana Gusmao, the East Timorese rebel leader sentenced to life imprisonment by Indonesia last May, yesterday had his jail term redneed to 20 years. Diplomats say President Suharto's decision is in response to international criticism of Jakarta's human rights record.

Amnesty International, the human rights group, said Mr Gusmao's trial "failed to meet international standards of fairness," noting his defence plea was suppressed and his cboice of lawyer denied.

Indnnesla annexed East Timor, a former Portuguese colony, in 1975, a move not recognised by the United Nations. In his defence plea Mr Gusmao, whn led the Fretilin separatiat mnvement, accused Indonesia of "killing my people. Small and weak, they bave always been aubjected to foreign rule".

Government officials say Mr Gusmao has since accepted he had acted wrongfully in opposing Indonesian rule.

Mexican stocks in strong rally

By David Dodwell, World Trade Editor

MEXICO'S stock market rallied strongly yesterday as news that negotiations had been successfully concluded to the side agreements on the North American Free Trade Agreement (Nafta).

The hellwether Telefonos Mexicanos, which accounts for about 30 per cent of the market's value, leapt hy almost 5 per cent, with other communications and transport stocks leading the way.

In Washington, Mr Mickey Kantor, the US Trade Representative, talked of a "historic agreement", which could "reform a trade relationship with Mexico that bas been driven more by accident than design".

Only brief details of the agreement were outlined in an early statement by Mr Jaime Sarre Puche, Mexico's trade minister. President Carlos Salinas de Gortari was expected to talk at greater length in a speecb planned for later in tbe day.

According to President Clinton, speaking at a naval supply station in Oakland California, a pledge hy President Salinas to make minimum wage standards part of Nafta had paved the way for an overnight breakthrough.

It was clear Mexico had in late stages of negotiation bent over hackwards to accommodate US demands that the side agreements should have "teeth". Mexico will be liable for trade sanctions in the event that its companies fail to comply with national labour and environmental laws.

Negotiators emphasised that the side agreements would not require Mexico to strengthen existing labour and environment laws - at least not immediately. Instead, sanctions would be triggered if Mexico fails to enforce existing laws.

The US and Mexico have agreed to create e commission to finance environmental and infrastructure improvements along their 2,000-mile border, hut early statements left it unclear how tbese improvements will be funded.

Portugal-Brazil strategic telecoms alliance formed

By Andrew Adonis in London and Sarah Provan in Lisbon

THE international telecommunications companies of Portugal and Brazil have formed a strategic alliance which plans to invest $200m (£134m) in upgrading services and promoting joint ventures in third countries.

The non-exclusive alliance between Marconi of Portugal and Embratel of Brazil is the latest in a series of international telecommunications deals aimed at expanding tha market for multinationals and exploiting opportunities in developing regions.

With joint annual turnover of $1.7bn last year, the companies will form one of the smaller of the new alliances. It builds on existing commercial and technical co-operation between the companies.

Mr Sequeira Braga, president of Marconi, said: "To survive as international operators we have to establish alliances to compete." He said the initial focus of the alliance would be on service improvements and co-operative marketing.

The Portuguese-Brazilien link partially mirrors a strong advance by the Spanish telecoms monopoly, Telefonica, into the telecoms market in former Spanish colonies in Latin America. Telefonica has bought control of operating companies in Argentina and Chile in the past three years.

The alliance also indicates Marconi's determioation to assert itself in the run-up to privatisation. The Portuguese government holds just over 50 per cent of the company and it is assumed that Portugal's three telephone operators will at some stage be drawn into the government's wide-ranging privatisation programme.

Lisbon bas had most success so far in privatising the banking sector, and the telephone company said yesterday no concrete plans yet existed to sell stakes in Marconi or the other two companies, TLP, which operates in Lisbon and Oporto, and Telecom Portugal, both fully owned by the state.

Hopes high for end to postal strike

By Robert Taylor and Andrew Jack

A PEACE formula to resolve the 12-day Royal Mail dispute in Cardiff will be put to a ballot of the 900 postal workers tomorrow by the Union of Communication Workers.

Hopes of a settlement are high after the UCW's national executive agreed late on Thursday night to recommend a return to work on the basis of a framework agreement negotiated between national union officials and the Royal Mail. Details of the proposed deal have not been disclosed.

The UCW said the union's Cardiff branch will meet this morning when national and local officials will address the staff on the contents of the framework agreement. This will be followed by an individual membership ballot tomorrow.

The UCW said strikers were "strongly advised" to attend the meeting and ballot in uniform as the premises of the Cardiff post office would be protected by security and only postal staff and union officials would be allowed in.

The Cardiff strike has paralysed delivery of well over 1m letters and has led to severe problems for companies in south Wales.

The point at issue has been the introduction of new fixed shift patterns for the workers to replace the old roster system, a change that has taken place over a large part of the Royal Mail already.

It has taken over a week of negotiations to establish a formula for a return of work and the careful way in which union officials are handling the dispute suggests they are aware of the possible difficulties with the local branch.

Yesterday, Companies House, the government's corporate information agency in Cardiff, stepped up its efforts to negate the strike's effects.

The agency has launched a national press advertising campaign and is considering radio announcements next week to persuade companies to send annual accounts and returns to its offices elsewhere in the country if the strike goes on.

It estimates that the strike has already cost it about £250,000 and that it will be forced to pay substantial additional overtime to staff processing the backlog.

The volume of company returns received fell to as low as 30 per cent of the normal level as a result of the strike, although it has now recovered slightly as companies have begun using alternative methods of delivery.

If the strike continues much later into this month, thousands of companies may face the prospect of late filing penalties on their annual accounts which have been held up in the post.

The agency said it would treat "sympathetically" any company returns which have been delayed in the post. "This strike is costing Cardiff business a lot of money and disruption," it said.

Outgoing post has been less affected, because the agency has been able to use private courier services and other agencies to avoid the local postal system.

British Midland in joint venture with US carrier

By Andrew Baxter

BRITISH MIDLAND and American Airlines are joining forces in the battle for more passengers by introducing "code-sharing" on the UK carrier's services from Heathrow to Brussels, Amsterdam and Glasgow.

The agreement, announced last night, is an important move for both airlines and is aimed at attracting passengers who might otherwise have travelled on British Airways.

BA is a major rival of American on transatlantic routes and of British Midland on routes between the UK and continental Europe.

Code-sharing has become increasingly common in the airline business over the past year. US carriers are now allowed to fly passengers into London and then on to other European destinations, but listing a European airline's connecting flights under a common code or number makes passengers more confident about making connections.

Under yesterday's agreement, American will use its "AA" designator code on certain British Midland flights from Heathrow as a continuation of its own flights from six US cities – Boston, New York, Philadelphia, Miami, Chicago and Los Angeles.

Mr Austin Reed, British Midland's managing director, said: "Developing closer links with long-haul airlines is one element in our strategy to develop more business worldwide. As the second-largest user at Heathrow, we are ideally placed to transport worldwide inbound traffic to the major cities of Europe."

British Midland has a similar code-sharing agreement with United Airlines, which has worked successfully for the past year.

United had no comment yesterday, but British Midland said the two arrangements would work side by side.

Earlier this year big US airlines complained that they were put at a competitive disadvantage when the US government let British Airways enter into a code-sharing agreement with USAir.

British Midland has filed an authorisation request with the US Department of Transport for the code-sharing deal.

Property industry's debt falls by 10.8%

THE AMOUNT of bank debt in the property industry has fallen by 10.8 per cent to £36.2bn from its peak of £40.6bn in May 1991, according to the Bank of England, Vanessa Houlder writes.

Bank loans to the industry fell by £550m to £36.2bn in the quarter to June 1993, the eighth consecutive quarter in which debt has fallen.

The sharpest decline was registered by the US banks, which have cut their exposure to UK property by 24 per cent over the past year to £1.26bn.

The UK banks, which have a 58 per cent share of the market, have reduced their outstanding loans by 5 per cent over the past year. Japanese banks have cut their exposure by 10 per cent over the year to £4.09bn.

Part-time council staff get pensions

LOCAL government employees working less than 15 hours a week are entitled to be included in the Local Government Pension Scheme, the largest in the country, under new regulations published yesterday by the Department of the Environment.

This follows a campaign by the GMB general union which has argued that the overwhelming majority of part-time workers are women and that their exclusion from the scheme was discriminatory. The department said the issue had been brought to its attention and it had decided that the cut-off was discriminatory.

National savings' contribution falls

NATIONAL Savings contributed £103m to government funding in July, compared with £220m in June. Gross sales of £638m were outweighed by repayments of £727m, with accrued interest amounting to £192m.

Fixed-interest certificates contributed the most to the total, at £53m, followed by capital bonds at £38m.

Newspaper deal referred to MMC

THE DEPARTMENT of Trade and Industry has, as expected, referred to the Monopolies and Mergers Commission the proposed £12.6m purchase by Trinity International of Joseph Woodhead of Huddersfield.

Trinity owns newspapers in north-west England, north Wales, Canada and the US. Woodhead publishes the Huddersfield Daily Examiner and a number of local titles.

Trevor Humphries

Kristen Lippincott, who opposes the abandonment of GMT, checks her watch against Greenwich Observatory's Gate Clock

Europe's time may finally have arrived

Kevin Brown on the support for a move further away from GMT

NEARLY a quarter of a century after public opinion forced parliament to abandon an experimental period of permanent summer time, the government is on the verge of trying again.

This time there seems little likelihood that opponents will be able to mobilise the sort of public backlash which frightened MPs into submission in 1970 – just two years into a three-year experiment.

Opinion polls carried out this year by Gallup for the pressure group Daylight Extra Action suggest that Mr John Major's accident-prone government may finally have hit on a policy which commands widespread public support.

The catalyst for change is the European Commission, which is expected to produce a draft directive next month calling for the harmonisation of EC countries' annual time changes.

The commission wants Britain and the Irish Republic, which move from summer to winter time in October, to come into line with the rest of the Community, which changes in September.

That would put an end to the awkward autumn period when time in the British Isles is briefly synchronised with the rest of Europe, only to move out of line again a few weeks later.

However, Mr Michael Howard, home secretary, wants to go further. His plan, which has Mr Major's support, is to move Britain an hour ahead of Greenwich mean time in the winter, and two hours in the summer.

That would put Britain on central European time, along with all other Community nations except Greece. The Republic of Ireland would face the awkward choice of going along with Britain or remaining the sole member of Europe's GMT zone.

Most of the pressure for change has been applied by the Confederation of British Industry, which argues that industry is unnecessarily hampered by the existing time difference.

Ministers have also been influenced by a campaign run by Mr Angus Crichton-Miller, the London businessman who chairs Daylight Extra. He argues that an extra hour of evening daylight would be popular with millions of people who would no longer have to travel home from work in the dark in winter.

The crucial argument, however, is provided by research into the 1968-70 experiment by the government's Transport and Road Research Laboratory, which suggests that a time switch would reduce road accident deaths by 160 a year and serious injuries by more than 2,000.

Until recently ministers believed that any proposal to move on to European time would be torpedoed by the same groups which proved so powerful in 1970.

The key opponents were farmers and construction companies, which claimed that the extra hour of morning darkness made winter working more difficult and dangerous. The experiment was also unpopular in Scotland, where dawn arrives later than in England. However, the (English) National Farmers' Union says that it now accepts the road safety argument and is willing to accept change as long as farmers are given time to adjust.

Even in Scotland opinion is less hostile than it used to be, partly because the accident forecasts suggest that Scotland would benefit from one of the largest falls in road casualties.

So far the only implacable opposition seems to be coming from the scientific community.

Ms Kristen Lippincott, curator of astronomy at the National Maritime Museum in Greenwich, historic home of Greenwich mean time, argues that a switch would mean the effective abandonment of GMT after more than 100 years as the anchor of the world's time system.

Receivers called to Kent builder

By Andrew Baxter

RECEIVERS have been called in at Kent-based Page Building & Mechanical, a medium-sized building company which does construction and technical work for local authorities.

Bank of Scotland has appointed Mr Peter Lawrence and Mr Colin Wiseman of the London insolvency practitioners Booth White as receivers for Page, which owes subcontractors more than £600,000.

Page has said that its financial difficulties stemmed mainly from an advertisement in the London Gazette last December by a creditor seeking a winding-up order. Page is taking legal action against its former solicitors over the matter. Mr Lawrence said yesterday that Page believed the advertisement had destroyed its credibility.

Apart from the debts to subcontractors, Mr Lawrence said, there were also counter-claims from Page's clients who terminated contracts and who face costs for finding alternative contractors.

The receivers hope to "novate" Page's contracts from Lambeth Council and other clients. That could revive the contracts and allow subcontractors to continue working.

Revenue contests tax relief ruling

By Scheherazade Daneshkhu

THE INLAND Revenue is appealing against a High Court judgment which overturned its decision to deny tax relief to two £25m business expansion schemes.

The schemes were issued by National Westminster Bank in conjunction with Hambros Bank and BZW, the securities arm of Barclays Bank.

The High Court agreed with the banks last month that their loan-back BES schemes were eligible for tax relief. BES schemes give tax relief to investors at their highest marginal rate if they hold their investment for five years.

In his March Budget Mr Norman Lamont, who was then chancellor, abolished loan-back BES schemes, which allowed investors to withdraw after six months instead of five years. He ruled that shares in BES companies had to be issued by the midnight before the Budget if loans were to be made against them.

The banks had allotted shares but had not listed the shareholdings in the companies' register of members by the Budget deadline.

In May the Inland Revenue decided the shares had not been "issued" and would not be eligible for tax relief.

But the High Court ruled that the word "issue" had no fixed meaning and that there was no reason to think that the availability of BES tax relief was dependent on the actual registration of shareholders.

The Inland Revenue said yesterday that it opposed the judgment because it blurred "the distinction between the issue and allotment of shares, and this could impinge on other areas of tax legislation".

It said it felt it had no choice but to appeal.

Mr Dominic Collier of BZW said: "Our position has been vindicated in the High Court and we will fight the appeal with the utmost vigour to protect the interests of investors."

Early new-car registrations jump 11.6%

By Kevin Done, Motor Industry Correspondent

REGISTRATIONS of new cars in the first 10 days of August jumped by 11.6 per cent to 249,153 from 223,283 in the same period last year.

The beginning of August is the busiest period of the year for the retail motor industry and a key test of the state of new-car demand.

The Society of Motor Manufacturers and Traders said yesterday that forecasts for a year-on-year increase in sales for the whole of August to "at least 400,000" from 374,000 were "realistic".

Vauxhall, the second-placed carmaker in the UK market, said that it expected an 11 per cent increase in total August sales to 415,000. Ford, the market leader, was less optimistic and forecast sales of between 400,000 and 405,000.

The 11.6 per cent rise in the first 10 days "clearly indicates that market recovery is continuing", said Mr Geoffrey Pelling, SMMT deputy chief executiva.

New-car sales have been higher year-on-year in 13 of the past 16 months, and registrations in the first seven months of the year rose by 9.1 per cent to 874,411.

The UK is virtually the only car market in western Europe where sales are growing, albeit from a very depressed level.

Sales in the first 10 days of August were well below the record level of 307,237 achieved in the same period in 1989, which showed "how severely UK sales have suffered since then", said Mr Pelling.

"It would be dangerous to assume that car manufacturers in the UK will remain impervious to the effects of the Continental recession," he added.

Vauxhall announced last week that it would have to continue short-time working at both its Luton and Ellesmere Port assembly plants during August.

During the first 10 days of August, which account for about 60 per cent of the sales for the full month, the biggest gains were achieved by Renault and Citroën, the French carmakers, and by Vauxhall.

Renault and Citroën increased their sales volumes by more than a third, while Vauxhall increased its sales by 19 per cent to capture 16.8 per cent of the market compared with 15.7 per cent a year ago.

Ford suffered a further erosion of its market share which fell to 21.3 per cent from 22.7 per cent a year ago as strong sales of its Mondeo were offset by falling demand for its Escort and Fiesta ranges.

Rover plans big expansion in engine-making

By Kevin Done

ROVER, the UK carmaker, is planning an ambitious expansion of its engine programme during the mid 1990s including the production of a new top-of-the-range V6 engine.

The new engines, which will also feature the introduction of a 1.6 litre version of its successful 1.1 litre and 1.4 litre K-Series engines, will allow Rover to reduce significantly its dependence on Honda, the Japanese carmaker.

Rover is developing the V6 engine from its present K Series family of power units and is expected to launch the new engine in its 800 series executive car range in 1995.

It would replace the present 2.7 litre V6 Honda engine, which the Japanese carmaker now makes only for Rover, and would represent a considerable cost-saving for Rover, a subsidiary of British Aerospace.

The K Series engine, launched in 1989, is now made in four-cylinder 1.1 litre and 1.4 litre versions to power the Rover Metro and some versions of the Rover 200/400 series cars, while the UK carmaker also buys a more powerful 1.6 litre engine from Honda for the Rover 200/400.

The new 1.6 litre engine for the K Series will be introduced next year in the Rover 200 to replace the Honda power unit produced at the Japanese carmaker's plant in Swindon.

Rover's engine production is based at its Longbridge, Birmingham plant.

At present Rover buys all of its 2.0 litre and 2.3 litre engines for the Rover 600 from Honda.

The Japanese carmaker holds a 20 per cent equity stake in Rover vehicle operations, and the Rover 200/400, 600 and 800 series are based on Honda technology.

● Rover has entered discussions with Kia Motors, the South Korean carmaker, which is interested in producing a version of the V6 engine in Korea to power an executive car it is developing for launch in the second half of the 1990s.

Kia is discussing the engine project with other carmakers in Japan and in Europe.

Astra Training row

LABOUR yesterday claimed that the government secretly promised £4.8m to prevent the troubled Astra Training Services company collapsing before the last general election, Kevin Brown writes.

Astra's 35 training centres are in the hands of the receivers. The company, formerly the Skills Training Agency, was privatised three years ago.

Mr Frank Dobson, shadow employment secretary, released leaked government briefing papers which he claimed proved that the Employment Department agreed to underwrite "unforeseen additional costs" incurred by Astra after privatisation.

"They show that Michael Howard [then employment secretary] secretly bailed out the company just before the general election," he said.

The department said parliament had been told that £4.82m was made available for Astra after privatisation, although only £1.3m had been handed over.

Insurance companies under fire as losses subside

Richard Lapper reports that a sharp turnround in profits has led to criticisms of premium hikes

BRITAIN's big insurance companies came under fire this week – not for losing money as they have done during the past three years but for making profits at the expense of their customers.

Three of the top five general insurance companies – General Accident, Commercial Union and Royal Insurance – reported healthy profits for the first six months of this year. The other two – Guardian Royal Exchange and Sun Alliance – will follow suit during the next four weeks.

Tha profits represent a turnround for insurers that were hit by a combination of storm damage, subsidence, recession-related arson, theft and domestic losses between 1990 and 1992.

The slump in the housing market produced a deluge of claims on domestic mortgage indemnity (DMI) policies. These insure building societies and mortgage lenders against losses on the sale of repossessed properties.

The losses, unprecedented for most companies, prompted far-reaching rationalisation and thousands of job losses.

Premiums have also been increased sharply. Royal Insurance, for example, increased its average motor rates by 21.2 per cent in 1991, by 22.1 per cent in 1992 and by 17.7 per cent this year. Royal's household policy owners faced average increases of more than 20 per cent over the past 2½ years.

More controversially, insurers have begun to change the way they price insurance, charging higher premiums for worse risks. Some owners of houses built on clay soils, which are prone to subsidence damage, have faced rises of more than 100 per cent. Drivers of fast or fashionable cars, regarded as targets for theft, have also paid higher premiums.

Critics suggest that it is the sheer scale of these increases which allowed the companies to return to profit. Ms Jean Eaglesham, head of money policy at the Consumers' Association, said consumers were "footing the bill" for the companies' mistakes in the 1980s.

"Rather than looking at product design or reviewing errors of corporate judgment in the past, everything is loaded on to policyholders," said Ms Eaglesham.

She said errors had included the purchase of estate agencies and expansion into the domestic mortgage indemnity market at a time when underwriters assumed house prices could not fall.

The criticisms find an echo within the insurance industry.

PRE-TAX PROFIT (LOSS)

	Commercial Union	General Accident	Royal Insurance
1993*	£65.5m	£126.2m	£52m
1992	£31.4m	(£29.3m)	(£119m)
1991	(£68.6m)	(£171.6m)	(£373m)
1990	£1.4m	(£121.3m)	(£187m)
1989	£150.5m	£147m	£125.6m

*First half

Source: Warburg

Mr Mark Wood, managing director of Safeguard, one of the country's largest chains of independent insurance brokers, said: "Past losses are a result of past pricing errors. There appears to be a complacent belief in some insurance companies that their product is completely price elastic."

He added: "Many of the big companies are returning to profit not by increasing efficiency and productivity growth but simply by increasing their prices."

Mr Wood suggested that turbulence in pricing could be increasing inefficiency.

He said frequent price rises were leading more people to shop around, with the result that the industry was offering many price quotes that were not accepted.

"'Churning' is leading to falls in productivity. It is a self-inflicted problem," said Mr Wood, who estimates that the industry may be offering quotes on four times as many policies as it sells each year.

The industry fiercely rejects such arguments.

Mr Roy Elms, underwriting director of Royal Insurance, said: "In the context of the UK market to suggest you can claw back DMI losses by increasing rates on other lines is absurd. The market just will not allow it."

Insurers also argue that UK consumers have historically enjoyed a good deal from their insurers, with cover generally wider than that available in most European countries.

Many European home insurance policies do not cover against the risks of flood or subsidence, for example.

Insurers accept that they must avoid sharp rises in prices in the future.

Mr Elms, who took over responsibility for Royal's underwriting in 1991, said: "One of the mistakes insurers made in the past is that they did not put prices up when there were clear indications that they should. The sensible thing to do is adjust prices little and often."

Insurers also argue that they have introduced much greater efficiency into their operations, pointing to falls in their expenses ratios, the industry yardstick which measures efficiency by comparing costs to premium income.

Critics suggest that the reforms have been very limited in character and that relatively few companies have seriously tried to reorganise business processes. "They are nibbling around at the edges," said Mr Wood.

Weekend, Page II

Oil industry workers seek to use consumer power in their fight against derecognition

Unions launch Shell boycott

By Robert Taylor, Labour Correspondent

CONSUMERS will be urged next week to boycott Shell petrol stations at the beginning of a campaign by oil industry workers against alleged union-busting.

Oil industry unions have been heavily influenced by organised labour in the US and plan to use alternative tactics to the more traditional strikes, overtime bans and working to rule.

The campaign will be launched on Wednesday to mobilise public aympathy against the oil companies, which the unions accuse of colluding to dsrecognise trade unionism.

The initial focus will be Shell UK, which recently decided to withdraw, from September 3, union recognition from 360 process and craft workers at its Shell Haven refinery in Essex.

Off-duty oil workers and others are to leaflet Shell petrol stations urging customers to boycott the company's products. Leaflets have already been distributed at Shell filling stations in Essex around the company's Haven refinery.

"Unions will never abandon their traditional use of the strike weapon as a last resort but we believe alternative forms of action exist that we can use to achieve our aims," said Mr Fred Higgs, TGWU general union national official for the oil industry.

"We plan to apply pressure on Shell without resorting to a stoppage. Striking would play into the hands of the company which would then dismiss workera and avoid paying them redundancy," he said.

During the past two years there has been widesprsad union derecognition by other oil companies – most notably BP, Esso and Mobil.

The five main unions in the industry – the TGWU, AEEU engineering and electrical union, MSF white-collar union, GMB general union and Ucatt construction union – believe there is a concerted attack.

"We are drawing the line at Shell," said Mr Higgs. "We have been forced to act."

Mr Higgs believes the new tactics could also he used by unions outside the oil industry as an alternative to strikes.

The unions argue that tbe issue in tbe oil industry Is about human rights, not jusi an industrial grievance. "There is no other country in western Europe like Britain where employers can derecognise a trade union with impunity," said Mr Higgs.

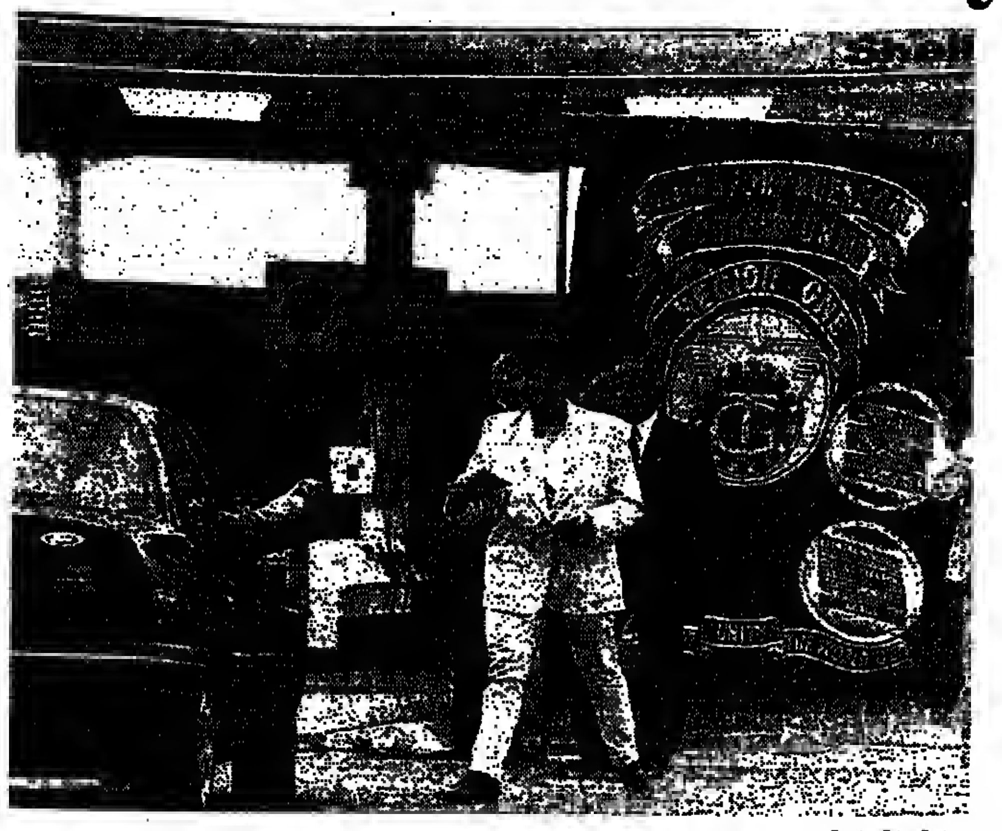
"If we allow this strategy by the oil companies to succeed it will be the beginning of the end for employee influence, decent wages and decent working conniitions in the industry."

The TGWU is staging a conference on the issue on Wednesday. It will be attended by representatlves from Liberty, the civil rights organisation, and tbe Brussels-based International Confederation of Chemical and Energy Workers.

The unions have lobbied parliament, petitioned the European assembly in Strashourg, and secured 150 MPs' signatures to an early-day motion in the Commons condemning the derecognition tactics of the oil companies.

Trade union organisations around the world have written to Shell to complain.

Shell UK yesterday denied collusion with other oil companies in derecognising unions. "We make our decisions in the light of our own business circumstances," it sald. It refused to comment on the planned boycott.



Evening Echo, Basildon

TGWU members leaflet customers at a Shell statinn in Essex, near the company's Haven refinery

Ex-Sogat chief Dean is awarded a peerage

By Kevin Brown, Pnlitical Correspondent

THE GOVERNMENT yesterday announced the creation of eight "working" peers to stiengtheo the three main parties in the House of Lords.

The most prominent are Ms Brenda Dean, who was the first woman to lead a big trade union, and Sir Christopher Tugendhat, chairman of Abbey National and a former European commissioner.

Working peers are created by the Queen on the recommendation of party leaders, usually during the summer parliamentary recess. They are expected to play a full part in the chamber's main role of reviewing legislation.

The list of four Conservatives, three Labour and one Liberal Democrat is significantly smaller than last year's crop of 21, prompting Labour complaints that its party's numbers are not being fully replenished. Nine Labour peers have died since last summer including Lord Underhill, a former geoeral secretary of the party.

The latest list is more balanced than last year's, which added 13 Conservative peers compared with six Labour, one Liberal Democrat and one independent.

Mr John Major, the prime minister, has restricted himself to four Conservative nominations, confirming the government's overall satisfaction with the performance of its Lords team.

The four, all experienced politicians, are: Sir Paul Dean, a former deputy speaker of the Commons; Mrs Doreen Miller, chairman of the Conservative party's Greater London organisation; Mr Robert Dixon Smith, a former chairman of the Association of County Councils; and Sir Christopher, a former chairman of the European Commission and also once a Financial Times leader writer.

Ms Dean, who was successively geoeral secretary of the print union Sogat and deputy leader of its successor, the GPMU print union, is expected to play a prominent part in Labour's smaller Lords team.

She was already being talked of yesterday as a potential member of the front bench, along with Mr Simon Haskel, the second Labour nomination.

Mr Haskel, chairman of Perrotts, a Leeds-based packing and textile company, is an adviser oo industrial policy who was in the Downing Street policy unit which advised Lord Callaghan when be was prime minister in the 1970s.

The third Labour peer is Ms Joyce Gould, a former director of the party's national organisation. The Liberal Democrat peer will be Mr Anthony Lester, a founder member of the Social Democratic party and a leading constitutional lawyer.

By-election gives Labour control of London borough

By John Authers

LABOUR TOOK control of the west London borough of Hillingdon yesterday after winning a by-election.

The seat gave the party 35 councillors to the Conservatives' 34. No other parties are represented on the council.

Hillingdon was last controlled by Labour in 1978, and had a hung council between 1986 and 1990.

Mr Steve Panayi, the borough's Labour leader, said the result demonstrated that "not only the Liberal Democrats can win hy-elections in the south".

He said Labour intended to spend reserves to reinstate a range of social services that were cut by the Conservatives earlier this year.

Hillingdon's shift indicates the growing strength in local government of both Labour and the Liberal Democrats.

These parties have shared control in a number of county councils since the elections in May, desplte Labour's opposition to deals with the Liberal Democrats at national level.

In Bedfordshire and Wiltshire, however, Labour shares power with the Conservatives, while in Cheshire and Surrey the Conservatives and Liberal Democrats hold power.

Labour denies that these deals have involved bargaining over pollcies. Labour said: "The essential polnt is that Labour must maintain a separate political identity. That's the overriding criterion the national executive committee has used. Clearly on a day-to-day basis there will inevitably be some co-operation."

Local Labour parties have been asked to explain their power-sharing arrangements to Labour's national executive committee, which has given approval to most of the deals for a year.

Both Labour and the Liberal Democrats are believed to be unhappy with arrangements in Berkshire, where the two exclude the Conservatives by sharing committee chairs.

Other Labour-Liberal Democrat power-sharing arrangements, reported to the Local Government Chronicle, include East Sussex, Essex, Hampshire, Hereford and Worcester, Lincolnshire, and Suffolk.

Printers claim a pay-rise success

By Robert Taylor

THE majority of Britain's print workers have secured union demands of basic pay rises of 3.78 per cent and an extra day's holiday, Mr Tony Dubbins, general secretary of the GPMU printing union, said yesterday.

He said that 85 per cent of his members had won increases of £6.50 a week through company-levsl bargaining after the breakdown of the national agreement earlier in the year.

He accused the employers' body, the British Printing Industries Federation, of misleading its affiliated company members over the level of wage deals secured in the industry. He added that the union was going back to companies that had not reached agreement on its terms to secure higher rises.

Mr Dubbins challenged the federation to make public all pay data from affiliated companies.

"We are willing to make all of our information publicly available if the federation will do the same," he said.

Mr Andrew Brown, personnel director at the federation, said it would not be revealing its data.

The federation insists that nearly two thirds of the 1,060 member companies that have reported details of their settlements – half of the federation's members – have made deals at less than the union demand.

Mr Brown pointed out that the federation listed the companies that had settled and not the number of workers covered by the deals. This suggests that hoth sides may he right because they are using different, but complementary, figures.

Industry hones competitive edge

By Emma Tucker, Economics Staff

THE COMPETITIVENESS of UK industry continued to improve in June, official figures revealed yesterday.

Manufacturing wages and salaries per unit of output were 3 per cent lower in the three months to June than they were in the same period a year ago. This figure compares with a fall of 3.4 per cent in the three months to May.

Manufacturing productivity – output per head – was 1.3 per cent higher in the second quarter compared with the first and 8.2 per cent higher than the same three months a year earlier.

The year-on-year increase in productivity was the second highest since December 1986. The highest since then was in the three months ending May, when productivity grew by 8.5 per cent.

Output per head in the whole economy was 0.8 per cent higher in the first quarter of this year than in the previous three-month period and 4 per cent higher than in the same quarter a year ago.

The latest figures suggest UK industry is competing effectively internationally. The 3 per cent drop in unit wage costs in the first quarter compares with growth of 9 per cent in Germany, 7 per cent in Japan and minus 1 per cent in the US during the same quarter.

Adjusted jobless figures

THE FIGURES given in yesterday's regional breakdown of unemployment were the non-seasonally adjusted series.

The seasonally adjusted figures for the regions and the UK as a whole are as follows:

- Northern Ireland 14 per cent
- North 12.2 per cent
- West Midlands 11 per cent
- North-west 10.8 per cent
- Yorks & Humberside 10.3 per cent
- Wales 10.3 per cent
- South-east 10.2 per cent
- Scotland 9.7 per cent
- South-west 9.8 per cent
- East Midlands 9.5 per cent
- East Anglia 8.4 per cent
- UK 10.4 per cent.

NatWest sets out on a mission to explain

John Gapper reports on the bank's move to securitise mortgages

NATIONAL WESTMINSTER'S warning to 12,000 customers that it is considering securitising their mortgages is likely to provoke some perplexity. One reason why this funding method has not spread as fast in the UK as in the US has been the difficulty of explaining it to investors, let alone borrowers.

Banks, however, have an increasing incentive to make their intention clear. Mortgages have emerged as the single part of their UK loan portfolios which has expanded rapidly this year, so they have come under more pressure to ensure that it does not absorb too much capital.

Lenders securitise their assets in the UK by establishing a company to hold mortgages. The company raises the money to pay the bank by issuing debt securities to investors on which the interest payments are funded by mortgage repayments. The investors take the risk of default on the repayments.

This has two advantages for banks. First, it removes the default risk from balance sheets. Although NatWest will retain control of setting interest rates, it passes on risk. But more importantly, securitisation takes the asset itself off the balance sheet and does not absorb bank capital.

NatWest emphasised yesterday that it did not need to free capital. Banks' ability to expand loans if there were a sharp economic recovery, however, could be constrained. Their ratio of core capital to assets weighted by risk is in several cases below a "well-capitalised bank" in the US definition.

Securitisation of mortgages – or other assets such as the payments due on credit cards which have been securitised in the US – also means banks can work their capital harder. They can raise the return on equity by swapping interest payments for a capital payment.

Although Barclays Bank has ventured into mortgage securitisation – issuing £175m of mortgage-backed securities in 1989 through a vehicle company called Gracechurch Mortgage Finance – NatWest's move signals renewed interest. Barclays is already working on further mortgage securitisation in the US.

For customers it is a rather more imponderable business. Mr Richard Ferrett, head of asset management at NatWest, yesterday insisted that it would make no difference. The process would be invisible to the borrower.

"We are going to adhere to whatever customer reaction we get and respect their wishes," he said. It seems likely though that opposition will stem from incomprehension rather than an obvious objection to the practice. Yet the process raises a number of questions for borrowers.

One is whether banks' general attitudes to mortgage default will be affected. Investors will be less keen to invest in securities where there appears to be a risk of repayments being interrupted.

Banks cannot allow default among borrowers, and then on the securities are maintained by paying them separately. To qualify under regulatory rules to be removed from balance sheets, the risks of securities have to pass from the bank to the investor.

In practice, banks try to ensure a steady flow of interest payments by "self-insuring" the issues. This means packaging enough mortgages together to allow some defaults without affecting the payments. But widespread use of securitisation could gradually change bank attitudes towards default.

A second issue for borrowers is whether banks are likely to tilt borrowing towards types of mortgages that can easily be securitised. This could mean mortgages outside areas with high rates of default, thereby increasing conservatism among mortgage lenders.

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Provoking the markets

HAVE WORLD stock markets lost touch with economic reality? In the UK this week the FT-SE 100 index broke through the 3,000 barrier just as a whole series of economic statistics and company results cast serious doubt on the strength of the recovery. In continental Europe, equity markets soared despite the continuing contraction in industrial output. Wall Street has looked overvalued for so long that it is hard to remember when, if at all, it was last remotely near to being in touch. At times like this, the apologists tend to argue that the markets are a barometer that reflects expectations about the future, while the cynics claim that the markets are driven by money, not economic fundamentals. The cynics are probably nearer the mark.

There is nothing new, in the UK, about a market that breaks through ceilings when the real economy is looking sickly. Liquidity abounds in recessions and invariably fuels a rise in the markets. That said, other economic forces are at play in the sense that the present surge in European markets has largely been prompted by expectations of falling interest rates. Where the barometer analogy breaks down is in the way that markets themselves influence economic activity. By creating a wealth effect, a rising market affects spending within the economy. The *locus classicus* of the broken barometer theory is Japan, where the whole economy overheated, then crashed, on the back of the stock market bubble of the late 1980s.

Ideological attack

At a time when markets are under ideological attack, notably from politicians in the countries that formed the former hard core of the European exchange rate mechanism, it does no harm to point out that buoyant securities markets have been exceptionally accommodating of late to businessmen and governments alike. In the UK, industrial and commercial companies took advantage of an increasingly giddy market to raise more than £6bn of fresh equity in the first half of 1993, compared with £5.3bn for the whole of 1992. The Bank of England, meantime, has already sold enough gilts to cover nearly 60 per cent of its £50bn borrowing requirement for 1993-94 in the first four and a half months of the financial year.

As for the French government, a soaring equity market is likely to make light work of a heavy privatisation programme. The Italians have been fortunate in being given the benefit of the doubt by international bond investors despite a bloated stock of public sector debt and a poor record on inflation. Governments generally have seen the risk premium in their IOUs tending to narrow as investors' inflationary expectations have subsided.

The risk in the present high level of share prices is less that equity markets will succumb to an autonomous free fall than that governments will provoke a collapse by confounding market expectations about interest rates. It is not difficult to see how this might come about in Europe, where politicians' understanding of markets is woefully deficient.

Classic case

In the aftermath of the ERM fiasco, for example, the French prime minister, Mr Edouard Balladur, has chosen to ignore the message implicit in the near-collapse of the ERM and is calling for reforms to curb the activities of the speculators. Even if it were possible to reintroduce some workable form of exchange control, which seems unlikely, this would still be a classic case of shutting the stable door after the horse had bolted. For a consequence of the widening of the ERM bands is that the ability of markets to wield discipline over governments has shifted from the currency markets to the securities markets. Since exchange rate relationships are no longer fixed within the ERM, they are invulnerable to attack. But if interest rate policy is inflexible, investors can cause a securities market collapse by bolting for the exit.

In an inflationary environment, such market discipline is exercised through the government bond market, leaving the politicians with an unpalatable choice between cutting expenditure or raising taxes. In a deflationary environment of the kind that prevails in continental Europe, the discipline is felt in equities. A falling stock market causes a negative wealth effect, as savers respond to their loss of capital by spending more cautiously and investing in cash. Companies suffer from a higher cost of capital. This adds to the deflationary pressure within the economy.

By failing to make use of the opportunity to cut interest rates sharply now that the opportunity is available, the ERM members whose economies are sinking and whose unemployment rates are rising are courting trouble in the equity market. Elsewhere, notably in the United States, the risk is more that a favourable downward trend in interest rates has simply come to an end. The message for investors is to watch for nervousness over lack of action on interest rates in Europe and for an active change of policy by the Fed in the US. Equities are in dangerous territory.

Kohl's commitment to Europe is not in doubt, but fears have arisen that German interests may come first, says **Quentin Peel**

Perils of being a good guy

For years Germany's Chancellor Helmut Kohl has liked to quote Sir Winston Churchill to describe his vision of a "United States of Europe".

In recent months, he has stopped doing so.

"I no longer use that expression," he says, "because too many people misunderstand it. They think we are trying to build a single country like the United States of America."

Now he stresses the need for every member state of the European Community to maintain its own identity under a "common European roof".

The question arises: is he watering down the whole content of European union, or simply changing the terminology? And is he talking about identity alone, or is he beginning to talk about a revival of national interests?

The latest crisis in the exchange rate mechanism of the European Monetary System certainly raised fears in other parts of the EC (notably France) that a unified Germany would put its own interests above its European commitments. And when Mr Kohl declared in a television interview this week that EC economic and monetary union might be delayed "by a year or two", Euro-sceptics across the Community began to chant: "We told you so."

In Germany the response has been one more of sorrow than of anger to the charges. Few have questioned the wisdom or justice of the Bundesbank in maintaining its firm path of slow but steady interest rate reductions – refusing to respond to the massive currency speculation. The man in the street is content that his D-Mark remains strong, even if German exporters are worried at the effects of revaluation on their competitiveness.

"The more or less explicit accusation is that Germany has put its national interest before that of Europe," according to Mr Rainer Nahrendorf, joint editor of Handelsblatt, the business newspaper. "That is a hard charge for Germans to accept. They have always seen European union as the flip-side of German unification."

When Kohl said that monetary union might be delayed, Euro-sceptics sang: 'We told you so'

In spite of its huge net budget contributions to the EC, Germany has received little back to help it with the costs of unification, he says. On top of that, the Bundesbank paid out billions of D-Marks to support the French franc in the latest currency crisis.

"That is why statements which suggest that Germany sought to destroy the EMS are quite absurd."

Nobody in Germany doubts that Mr Kohl himself remains passionately committed to European integration – to a federal Europe in the decentralised, German sense. A recent poll of top business managers and civil servants agreed that his European ambitions were his highest priority – even above winning the next elections in 1994, or successfully completing the unification of Germany.

It is the presentation therefore, not the substance, which has been adapted to a changing political reality. For Mr Kohl now knows that the events of the past few years, with the end of the cold war, the fall of the Berlin Wall and German unification, and the signing of the Maastricht treaty with its commitment to a single European currency, have raised new doubts about European union.

In Germany, a complex range of issues has coincided to complicate the European equation, and call into question old certainties.

The popular doubts about Maastricht concern, above all, the creation of a single European currency to replace the D-Mark. They also relate to new priorities in the post-cold war world: to the economic challenge of realising German unification without bankrupting western Germany, and the strategic challenge of stabilising the upheaval in eastern Europe.

"The whole debate on Maastricht coincided with the fear that 'they want to take our D-Mark away,'" says Dr Angelika Volle, editor of the foreign affairs magazine Europa Archiv. "The D-Mark was the foremost link of German unity: it was what the east Germans wanted, and what we gave them. The suggestion that now it will be somehow watered down by the Greeks or the Italians is met with a simple: no way.

"Immediately afterwards came the conflict within the EC over Yugoslavia: suddenly we discovered that the others thought differently to ourselves.

"For years we believed that what was good for Europe was good for Germany. That is no longer seen as necessarily true."

Hard on the heels of those inner-German doubts came the furious debates in other member states of the EC. In France, Denmark and Britain, the "German bogey" became a big issue in the arguments for and against the Maastricht treaty.

At the heart of the Danish doubts over Maastricht was a fear that Denmark might be reduced to the status of "another German land". In France, the anti-Maastricht campaigners feared German domination, and the pro-Maastricht campaigners also used that fear to argue for the treaty to "bind Germany in". Nobody argued that Germany was nice. As for Britain, anti-German xenophobia was obvious in the highest levels of the Thatcher government (spelled out in public by the late Lord Ridley, although it cost him his job), and fuelled the whole anti-Maastricht debate.

"It all came together with Germany having its own identity crisis," says Ms Volle. "It is no longer just western Europe that is our fate, but eastern Europe too. We do know more about what is going on there, and we are more concerned than our west European partners."

Again and again, Germany urged its partners to get more involved in the east, with aid and trade and technical assistance. "They simply cannot see the dangers as dramatically as we do," according to a senior German diplomat. "They are not sitting on top of the cooker."

German officials maintain that it is not they who are putting national interests first. It is their partners, like Britain and France. They see a revival of old balance-of-power calculations in the machinations of London and Paris in the Balkans, where they are both tempted to back Serbia, to counteract Bonn's sympathy for Croatia.

The economic recession does not help. "At the moment it is the time of national interests, because it is a time of recession," says Ms Volle. "The Germans are behaving a bit like Mrs Thatcher with her handbag. We say we have got a very good record on Europe. Now we really have a German interest: to try and weld the two Germanys together. That is our top priority."

The process of defining Germany's national interests is clearly beginning. Professor Karl-Heinz Hornhues, deputy leader of the Christian Democratic Union in the Bundestag, announced last weekend a meeting of the parliamentary leadership, scheduled for the near future in Berlin, to redefine the party's foreign policy.

"National interests must be more clearly articulated in government policy," he said. "We must state more clearly what we aim at. Up to now, Germany has always formulated its interests quietly and cautiously. Now it is time to speak frankly about our foreign policy aims."

It is not necessarily an easy process. At a recent meeting in the chancellor's office, some of Germany's top foreign policy analysts were asked to define what they understood by "national interests". One confessed: "We have never asked ourselves that question before."

Mr Klaus Kinkel, the foreign minister, has launched his own exercise to sharpen the focus of foreign policy. The foreign policy institutes have been invited to a meeting in Bonn in September, to be followed by a top-level forum of his own Free Democrats. Mr Douglas Hurd, the British Foreign Secretary, and Mr Alain Juppé, the French foreign minister, have agreed to attend.

Although the exercise is under way to define national interests, no one seriously doubts that a commitment to closer European integration, based on the European Community, will remain at their heart.

Europe will be a central element in the chancellor's election campaign next year," according to one of his advisers. "The theme has to be: 'Look what the EC has brought us. Peace and stability. Now we have to move on from here, and monetary union is an essential part of it.'

"It is imperative for the chancellor that the process does not lose impetus. An outbreak of triumphalism by the anti-Maastricht faction would severely damage his credibility."

Some observers believe Mr Kohl must be leaving himself open to an overtly nationalist campaign by the opposition Social Democrats – at least on economic policy. Yet, so far, there is no sign of it. Mr Rudolf Scharping, the new SPD leader, is a supporter of the Maastricht treaty.

"I am very much in favour of the Maastricht treaty being carried out," he says. But he does openly question the timescale. "No one in Europe should be the slave of a fixed timetable," he says.

Mr Edmund Stoiber, the new prime minister of Bavaria, a leading member of the Christian Social Union in the ruling coalition, and one of the most articulate conservative politicians in Germany, is also a clear supporter of the direction of European integration.

"We no longer want Germany to be the odd one out in Europe," he says. "I do not want nationalism to raise its head again. If I ask my daughters: 'Could we have a war with England?', they laugh, and say: 'Don't be silly, daddy.' Seventy years ago it looked quite different. That is a fantastic achievement."

Yet Mr Stoiber doubts the Maastricht timetable, too. "We have a huge road to travel to reach monetary union. We have much more to do than the creators of Maastricht believe . . . I do not believe that monetary union will happen this century."

When Mr Kohl questioned the Maastricht timetable this week, he was – say his officials – only doubting that a single currency would happen by 1997: he still maintains it will come about by 1999. "Nobody will shed any tears if it does not happen in '97," an official admitted.

So Mr Kohl stands firm on his course. Yet some foreign observers are worried. "My greatest concern is if Britain and France continue to doubt the hand of European friendship which the chancellor is offering," says one senior diplomat in Bonn. "Eventually the Germans will get fed up trying to be the good guys."

MEN IN THE NEWS: ***Ian Plenderleith and John Townend***

'Brat pack' at the Bank

God and Demi-God is how one mischievous City economist refers to Ian Plenderleith and his side-kick, John Townend, the men in charge of the Bank of England's gilt-edged operations and the most powerful figures in the UK government bond market.

Both have good reason to feel pleased. The Bank is well ahead of schedule in issuing gilts to finance the government's hefty borrowing requirement programme for this financial year, confounding those sceptics who thought the task almost impossible because of the huge amount of stock the market would have to digest.

But, in the words of one City analyst, gilts have been "selling like hot cakes" – just four and a half months into the financial year the Bank has covered nearly 60 per cent of this year's likely £50bn gap between government spending and revenues. The Bank has sold more than £1.5bn of government bonds to investors such as UK pension funds this week alone.

While falling European interest rates and the lowest retail-price inflation in the UK for nearly 30 years have helped boost demand for gilts, Plenderleith and Townend have won plaudits from some in the City for their management of the record volume of gilt issues – though a few economists contend they have been selling the stock too cheaply.

They have particularly close contacts with the 19 City groups which are registered gilt marketmakers acting as intermediaries between the Bank and investors. One broker says of the duo: "They are very thorough, they cover all angles in incredible detail." Another says they are "good listeners".

Plenderleith and Townend work a few feet from each other in cramped adjoining offices filled with computer screens overlooking the Bank's inner courtyard.

Plenderleith is the Bank's associate director in charge of markets, and Townend is head of its gilt-edged and money-market divisions. Aged 49 and 45, they joined the Bank within three years of each other in the 1960s and have worked together in markets jobs since 1985. Brought up in Birmingham and Liverpool, respectively, they were both educated at grammar schools.

A significant element behind the rise of the duo has been the plain-speaking Eddie George, promoted to Bank governor on July 1 from deputy governor. George, the son of a postman in south London, has been at the Bank for 31 years and has retained a close influence over both Plenderleith and Townend. Both are members of the so-called "Eddie brat pack", the youngish, down-to-earth Bank employees whom George supervised during his time in the Bank's market divisions in the 1980s. The governor is thought likely to promote Plenderleith to one of the four executive-director posts at the Bank when the position becomes vacant next February.

Like George, both Plenderleith and Townend were born under the star sign of Virgo and exhibit the common characteristics of lack of garrulousness and addiction to hard work. According to US astrologer Linda Goodman, Virgos have perfectionist, "tick-tock" minds and worry a lot. The description applies equally to both Plenderleith and Townend, whose jobs involve long periods of monitoring computer screens so they can pick the best market conditions to issue new types of government stock.

Their working day starts with a meeting to assess market conditions at 8.30am in Plenderleith's room, which has old banknotes and bond issues framed on its wall. Plenderleith often discusses trading conditions via a special hot line to the Treasury, with which the Bank collaborates over gilt issues. "He's an utter professional and has a poker player's fascination with trying to spot market trends before they become apparent to others," says one former senior Bank employee. One broker says of Plenderleith: "He regards the gilts market as his baby – he wants it to be the best."

Plenderleith – like George, a heavy smoker – rebuts suggestions that other European government bond markets could offer any significant lessons to the Bank. The senior of the two Bank men gives the impression of deliberating before answering questions from outsiders.

The less cerebral Townend, a marathon runner, is more likely to give a spontaneous reply in conversation. Someone who has known them both for more than 20 years says: "Ian speaks in paragraphs and gives it you straight. John talks in sentences and makes things more exciting."

Plenderleith is credited with making serious attempts to make gilts more attractive by, for instance, issuing longer-dated stock to meet the needs of pensions funds and insurance companies. But some critics believe the Bank has taken too long to adapt settlement procedures making it more convenient for international investors to trade gilts. Another suggestion is that the Bank should issue more low-yielding, shorter-dated stock rather than higher-yielding, longer-dated gilts, to reduce the size of the debt burden for future generations.

"It's a minor financial scandal that the Bank is issuing stock that will require very high interest payments in the future when inflation is expected to stay low," says Roger Bootle, chief economist at Midland Bank.

Plenderleith and Townend like to give the impression of viewing suggested improvements to the market seriously. But the Bank's cautious and unassuming deities both clearly feel that evolution should proceed at a relatively stately pace, whereas others feel the tempo could be quicker.

Peter Marsh and Sara Webb

Nato's credibility is at stake in Sarajevo, but internal uncertainty remains, says **Edward Mortimer**

Still divided over calling the shots

Nato is beating its chest. For the first time in the alliance's 44-year history it may be about to fire a shot in anger. Or again, it may not.

In the cold war it did not have to shoot. The combined military strength of its members, pledged to treat an attack on any one of them as an attack on all, was sufficient to ensure that no such attack took place. But the fear of one was enough to justify the alliance in the eyes of its members.

With the end of the cold war and the dissolution of the Soviet Union, that is no longer the case. Nato members do not feel any immediate danger of a direct attack on their territory. But many do fear that their security will he jeopardised indirectly, by conflicts in eastern Europe.

Perhaps paradoxically, this feeling is strong in the country furthest away from eastern Europe, namely the US. Americans, after all, never relied on Nato to fend off a direct attack on their own territory. The purpose of Nato was to ensure the security of western Europe. Thet being apparently achieved, at least in the short term, many Americans now feel that Nato must play a role in ensuring stability in eastern Europe if it is to justify its continued existence.

That view is summed up in a currently fashionahla slogan: "out of area or out of business". "Out of area" is Nato jargnn for anywhere outside the territory to which the mutual defence pact applies: that of its member states in Europe and North America. In the past some members, notably France, took the viaw that Nato should not do anything outside this area. Now, however, all recognise that Nato has a hroader role to play, especially in eastern Europe, although as yet few existing members are willing to enlarge the alliance itself.

> 'Nato as an institution has drawn a line in the sand on this,' says a senior official

Many central or east European states, headed hy the Czech Republic, Hungary and Poland, would like to join, but have heen politely told ths time is not ripe. A sort of waiting room or annex was set up at the beginning of last year: the North Atlantic Co-operation Council (NAC-C), in which Nato members sit together with their former Warsaw Pact adversaries, inclnding all the successor states of the Soviet Union.

Bnt membership of NAC-C does not in itself prevent conflict – as events in Transcaucasia and other parts of the former Soviet Union amply demonstrate – and anyway NAC-C does not include the successor states of the situation in the former Yugoslavia, where conflict is raging close to Nato territory. Nato's inability to hring peace to Bosnia, or to defend the Bosnians against "sthnic cleansing" and other atrocities, has tarnished its image in many member states, and notably in the US.

That is why last Monday's decision to threaten the Bosnian Serbs with air strikes unless they "lift without delay the siege of Sarajevo" is seen, both in Washington and at Nato HQ in Brussels, as a crucial test of Nato's credibility.

"Nato as an institution has drawn a line to the sand on this," says a senior Nato official. "It has its credibility on the line."

"Among many in this town," says Morton Abramowitz, head of Washington's Carnegie Endowment for International Peace and former US ambassador to Turkey, "the belief has grown up that this is a genuine crisis that can affect the vitality of Nato. If Nato fails to act in a serious way in the next few weeks, at a minimum by ending the siege and stopping the shelling of Sarajevo, its future will he in serious douht."

Reuter

Nato will keep a close eye on the withdrawal of Serb soldiers from the mountains around Sarajevo

Mr Abramowitz says there is growing frustration to Washington at the obstructive attitude of some of the US's European allies, and that unnamed hut influential memhers of Congress have told him they will hlock appropriations of funds for US forces in Europe if it continues. "The British role has been the worst," he adds.

In London, officials readily concede that there have been sharp differences of view, notably on "the utility of the use of force, especially in Europe in the post-cold war environment". In terms not heard in Whitehall for some years, they seek to present Britain's position as a mainstream European one, while emphasising differences of perspective between Europe and the US. They claim, for instance, that Americans think the formula that worked in Desert Storm, Panama and Grenada should he applicahle in Europe, whereas "most of us here don't see that approach as very helpful, and even less so when it comes from people who are not themselves prepared to put forces on the ground".

"Leaving aside the Germans, who are pretty well out of this now," says one British policymaker, "the Europeans have attached a high priority to the humanitarian operation [in Bosnia] and to a negotiated settlement. The Americans, who are not very directly involved, feel this is being used as an excuse for inaction, that UN troops are almost hostages and that, but for our constant hand-wringing, an application of force from the air would somehow sort things out."

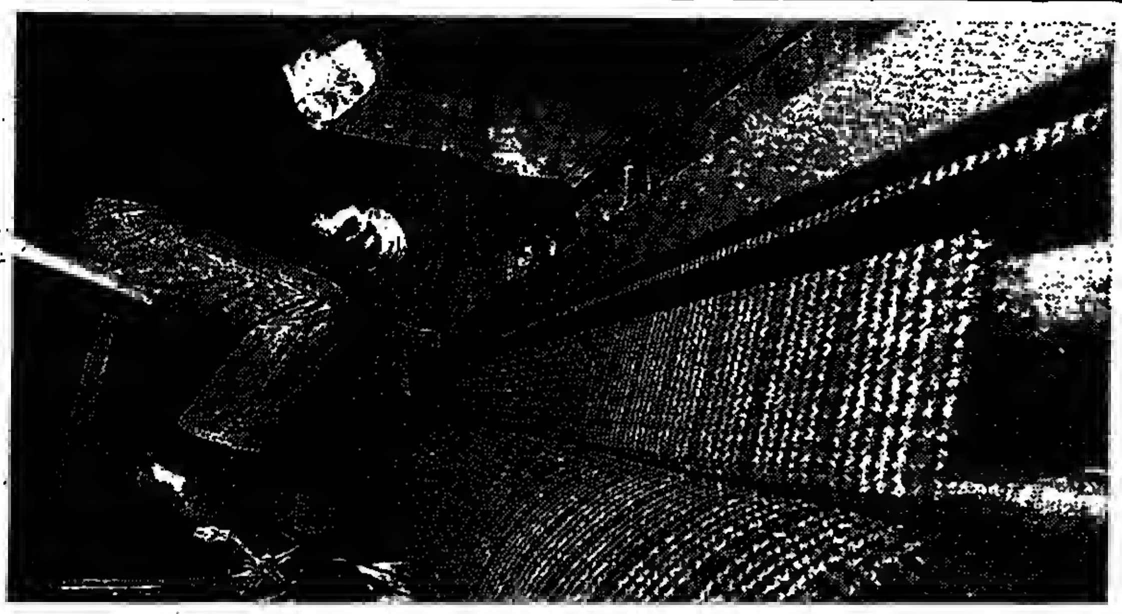
It is clear that Britain only accepted the decision on air strikes because it feared the effect on Nato of snubbing the US for a second time, after the humiliating rejection of an American proposal to lift the arms embargo on Bosnia earlier in the year.

The French position is somewhere in between. In early June, at a meeting of the North Atlantic Council in Athens, France was pressing for air strikes to help secure the "safe havens" in Bosnia proclaimed by the UN Security Council, while the US insisted on a restrictive interpretation, allowing only for retaliation if UN troops were themselves attacked. By late July, however, the US wanted to use air strikes to hreak the Serh stranglehold on Sarajevo. It was France that insisted air strikes could only he initisted with UN authorisation, and must be co-ordinated with the UN force on the ground, whose commander is a Frenchman, General Jean Cot.

One interesting feature of the affair is that earlier French reservations about Nato's "out of area" role have vanished completely. "Out of area or out of husiness is out of date," says one senior Nato official with evident satisfaction. "We're already out of ares."

This official hrushed aside fears that the UN secretary-general, Mr Boutros Boutros Ghali, might refuse to authorise air strikes, or that the Serhs would succeed in dividing the allies on whether they had complied with the ultimatum or not. "The only source of judgment now is the US," he declared. "If the US comes to a decision, with a credible case, I'm confident we will prevail both in the [North Atlantic] Council and in New York." As for the Serbs, "I suspect if they think they can diddle the United States on this one they're in for a shock. No one in Washington is in any mood to be diddled".

Mr Ahramowitz and other Washington hawks remain sceptical, however, fearing that the Europeans will exploit the complex chain of command, intriguing with the UN and even with douhters in the US military to delay or avoid taking action.



John Paul

Callum Maclean, a weaver on the island of Lewis: 'The new loom is far less effort to work than the old one'

The weaver's tale

James Buxton on a boost for the makers of Harris Tweed

A modern loom powered by a weaver pedalling like a cyclist is arguably the most encouraging thing the Harris Tweed industry has seen for decades. The loom, one of the first of many that will be installed on the Western Isles off the coast of Scotland next year, should help revive an industry that has been in steep decline.

"The new loom is far less effort to work than the old one, yet it is producing twice as much cloth for that effort. And it makes much less racket," says Mr Callum Maclean, a weaver at Point of Ness on the island of Lewis.

The new loom should also help improve the economy of the Western Isles, where the population is falling and which two years ago faced criticism when its council lost £22m in the collapse of the Bank for Credit and Commerce International.

At the heart of the weavers' woes has been their much-loved and now out-dated treadle-driven Hattersley looms, which produces cloth with a width of 75cm. Most clothing manufacturers worldwide demand fabric with a width of 150cm, the industry standard. The island weavers were increasingly out of step with the garment industry, and the big manufacturers' refusal to adjust their machine settings for Harris Tweed threatened the existence of a craft dating back to the mid-19th century.

But now there is hope: the new lightweight loom, which produces Harris Tweed with a width of 150cm, could transform the industry. Mr Aneas Maclean, a weaver from the village of Garynahine in the Western Isles, calls the loom "a lifeline for the industry".

The mills and weavers are embarking on a five-year £9.5m programme to re-equip themselves. About 45 per cent of the funding will come from the industry itself, including the weavers, and the rest from Western Isles Enterprise (the local offshoot of Highlands and Islands Enterprise) and from the European Community.

Some £5m will be spent on buying the new looms, £2m on adapting the mills to the new width and £2m on marketing; £500,000 will be spent on training the weavers.

"It has taken a crisis to bring the industry together and listen to what we'd been telling it," says the Highlands and Islands Enterprise.

Each new loom will cost about £13,000. The weaver is expected to contribute £4,000 with the rest coming from grants. The first 100 looms, arriving on Lewis at a rate of two a week, should be in operation by the end of next year, and the first 150cm Harris Tweed could be produced for the 1994-95 selling season.

Harris Tweed is one of Scotland's most famous home-grown products. Often thick, always hard-wearing and usually woven in sober browns and greens, reflecting the bleak Hebridean landscape, it has been popular for generations with the British gentry and rich Americans.

What makes the tweed unique is that it is produced from pure wool in the Western Isles and woven in the homes of the weavers. Only if these conditions are met does it receive the stamp of authenticity from the Harris Tweed Authority, the industry regulator, and command a premium price.

All the other processes in weaving the tweed, from spinning and dying the wool to finishing the cloth, take place in four textile mills on Lewis. Having spun the yarn, the mills pass it on to self-employed weavers who make it into tweed on their Hattersley machines in sheds adjoining their houses.

Using outworkers gives Harris Tweed its unique quality: each tweed receives the personal attention of a weaver and helps sustain a cottage industry. Weavera' johs have been one of the main casualties of the crisis in the industry since 1987 when fashion in men's clothing moved from woven jackets to knitted pullovers. Harris Tweed's sales in its biggest market – men's sports jackets in the US – fell sharply. Output dropped from 5m metres of tweed in 1985 to about 1m metres last year (worth only £5.5m). The number of weavers has fallen to 400, from about 2,000 in the 1960s.

The crisis forced the industry to examine itself. A working party formed by the mills and weavers found that potential consumers were put off by the cloth's rough texture and heaviness. Jackets of 12-ounce tweed last for decades but, as Mr Harris Mackenzie, managing director of Kenneth Mackenzie, the most modern of the mills, says: "People no longer want to keep their clothes that long."

The demand for lighter and softer tweed is now being met: design changes have produced tweeds weighing only 6 ounces a yard, and newer tweeds are softer.

But problems associated with the fabric paled besides the impediments associated with the weavers' anachronistic looms. A solution did not emerge until 1990 wben Mr John Griffith, a loom maker from England, produced a prototype, foot-driven 150cm loom. The first of his machines, made hy Bonas Griffith, his textile machinery company, arrived on Lewis last year.

The new loom permits much finer patterns such as suhtle checks. It also produces softer cloth of higher quality, which should appeal to the women's market.

Mr Ian Mackenzie, secretary of the islands' weavers association, says the loom "gives us a lot of the advantages of a power loom without losing the magic of the Hebrides".

A group of weavers is being trained to use the looms. While they are enthusiastic about the new product, the weavers are worried about repaying the £4,000 which they will have to horrow as their contribution towards the cost of the looms. Most of the weavers have been on "less than part time work" in recent years.

Mr Ian Mackenzie of the islands' weavers association, while sympathising with their anxieties, is confident about the future. He says that the tweed market has turned up this year – output is expected to reach 2m metres, nearly twice last year's figure.

But there is a lingering uncertainty. Could Harris Tweed now lose its strong identity as the weavers use looms that can produce a wide range of cloth? Many in the industry believe cloth weighing less than about 6 ounces should not be classified as Harris Tweed.

There may be a further danger: as weavers find it easier to make Harris Tweed and increase output, so the fabric may lose its exclusivity.

Michael Smith on the quickening pace of pit closures

Light goes out in the tunnel of hope

Less than five months have passed since the UK government completed its coal review and raised the industry's hopes with promises to save a dozen pits from closure.

But now British Coal is on the point of shutting down a number of the 12 pits, and others will go soon afterwards. More damaging still for the government, a further seven or so of what were previously regarded as 19 core pits also seem doomed. That will leave a rump of barely a dozen pits with a long-term future out of the 50 that British Coal had in operation this time last year.

This decline in the industry's fortunes will shock and confuse backbench MPs and the general public, whose outrage at the original closure plans forced the government to undertake its review last year, and who believed that many pits had been saved as a result.

Were they deceived by ministers? Or has further bad news hit the coal industry since March? Is this evidence that the government has broken its promises to give coal a better chance to compete with other forms of energy such as gas and nuclear power?

The reality is that the white paper made few promises. In spite of ministers' efforts to present themselves as the saviours of some pits, the white paper never offered more than a breathing space for the industry to rationalise gradually.

The six-month review rejected one by one the radical measures put forward by pressure groups to make room in the market for the fuel: for example, cutting back the state-owned nuclear industry's electricity output or slowing down the so-called "dash for gas".

The government was thus left with measures which could only affect the margins of the electricity market where most coal goes. Some of the white paper's provisions and calcnlations proved to bave less substance than the government snggested. A prediction by Mr Michael Heseltine, trade secretary, that prodnction of orimulsion, a hitumen-based snhstance, would fall by 500,000 tonnes a year, perplexed the fuel's importers. They belteve sales will remain steady.

Mr Heseltine appeared to offer firmer support with his promise of up to £500m in subsidies to British Coal if it could agree sales to the electricity generators over and above contracts already confirmed. Five months later, not a penny has been claimed, either by British Coal or the private operators which are also entitled to subsidies.

The money is still on offer. But National Power and PowerGen, the generators, with 34m tonnes of coal stocks, more than three times their needs, have shown scant interest in buying more. They have little incentive.

First, both companies have faced a stronger than expected challenge to their market shares from nuclear power and from the gas-fired stations of rival competitors.

> The higher the coal stocks on the ground, the less the incentive for private sector operators to mine coal

Second, the government has made little progress in its talks with the generators on the amount of coal stocks they are required to hold by law, even though the white paper described the consultations as "a matter of urgency".

Against this background, British Coal has almost finished a "market-testing" exercise – government jargon for studying whether the market can sustain the 12 reprieved pits. Although the exercise will end only when the generators decide on additional purchases, probably in the autumn, there is little reason for optimism about securing extra sales.

Mr Neil Clarke, British Coal chairman, expects the generators to buy fewer than 5m tonnes of additional coal this financial year and next, with most of it being bonght after next March. Additional sales to industrial and household markets are likely to be limited.

This leaves British Coal with some simple calculations on which to base the pit closures programme which it has yet to finalise. In the year from next March the likely market for sales of British Coal's deep-mines will amount to about 33m tonnes at most, assuming the more profitable opencast operations contribute about 12m.

However, current annual production of the corporation's 30 remaining deep mines is at least 44m tonnes. That leaves an imbalance between output and sales next year of at least 11m tonnes.

The problems do not end there. Annual productivity improvements of about 30 per cent mean that next year's sales will be more than met hy the 19 core pits. Meanwhile, over-production could increase British Coal's stockpiles to about 20m tonnes. That represents more than four times what British Coal wants. But it also represents a threat to the government's privatisation plans. The higher the coal stocks, the less the incentive for private sector operators to mine coal in the future.

Although last winter's pit closures furore delayed privatisation, it actually fortified the government's resolve to sell off the corporation. Ministers want to get rid of a direct connection with an industry which often presents them with awkward political problems. They also believe the private sector offers the industry the best chance of becoming competitive.

However, the private sector is unlikely to be keen to invest in a producer which is too large for the market. It is also uncertain which purchaser will want to take on such a politically charged and problematic industry. Hanson and RTZ are the UK companies with the most relevant international experience to tackle British Coal but neither has declared an interest.

Nevertheless, the government is determined to find a buyer, and that is why it is keen to get British Coal into commercial shape. Ministers must therefore be tempted to agree with the corporation that the best solntion is to implement pit closures quickly, with as many as 15 before next April. The final decision on timing will rest on whether ministers believe the hackbench Tory MPs who threatened to vote against them last October are still in the mood to rebel.

Costs indicate need for a national childcare strategy

From Mrs Helen Jameson.

Sir, Your report, "Real cost of childcare rises steeply" (August 5), made interesting reading, largely because the figures you quote do not correspond to the real cost of full-time childcare in the UK. Perhaps the average weekly spend includes part-time childcare, and hence does not give an indication of the average cost of full-time childcare.

In the interests of informed dehate on the general inaccessihility of good, affordahle childcare, against the background of the recent "home alone" case, I suggest that the following costs are the norm in London:

- Full-time nursery, £60-£184 a week, with most nurseries charging in excess of £130 a week for children under two years. Tha costs are largely governed hy the staff: child ratios set out in the Children Act Guidelines.
- Full-time, live-out nanny, £150-£200 a week net. A parent paying £180 a week net must also pay £95 tax, employee's NIC and employer's NIC, making a total cost of £275 a week.

Hence the naed for a national childcare strategy and a revisiting of the tax relief debate.

Helen Jameson,
39 Blandford Road,
London W4 1DX

Privatise the Treasury too . . .

From R F Hassler.

Sir, My wholehearted appreciation of Samuel Brittan's Economic Viewpoint ("'Advice given to ministers . . .'", August 12).

An independent central bank is certainly essential, but why should we stop there? Let us privatise the Treasury – that surely is the moat effactiva way of achieving accountabilty, and sweeping away tha cobwebs.

R F Hassler,
12H Portman Mansions,
Chiltern Street,
London W1

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL
Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Squeeze on coal market has gone too far

From Mr A D J Horsler.

Sir, In Tony Jackson's article ("No more huried treasure", August 9) there is much tilting at windmills and a key point is missed. This is that a strong case exists for believing that the squeeze on the market for UK coal has gone too far.

Many of the gas stations replacing coal-fired generation, however financially attractive to their investors, are doubtfully economic in national resource terms, as the trade and industry select committee has pointed out, once pricing rivalries in the electricity sector are set aside. Magnox stations may or may not he very cheap on an avoidable cost basis – but how long will they continue? Further nuclear investment is likely to cost a great deal more, despite claims to the contrary.

So tha right size of the UK coal industry in national economic terms may well be larger than the shorter-term market pressure will support at present. Mr Jackson's argument that we can find out hy "letting each pit operate as a separate commercial entity" ignores the strong interaction between pits in market quality and in mining terms, as well as the market power Issue tn which be alludes. The "transitional arrangements" that Mr Jackson suggests provide the ground for the present contracts with electricity generators, and for the government's temporary subsidy arrangement if market volume would allow that to function.

With the continuing reduction in operating costs of deep mines, British Coal expects to compete fully with imported coal at inland power stations by the mid-1990s. The pressing argument is about how many deep mines would be competitive at that time, hut would not be given a chance to be so, given current pressure on volumes from other fuels enjoying more effective protection in the power station market.

Andrew Horsler,
marketing director,
British Coal Corporation,
Hobart House,
Grosvenor Place,
London SW1X 7AE

The allegiance and faith that keep Belgian federalist state alive

From Mr E Vrancken.

Sir, In his account of his recent visit to Belgium ("A king and his people: Belgium's late monarch was a rare symbol of national identity", August 11) Edward Mortimer gives ample space to the raving views of a Mr Sweron, an ohscure schoolmaster who belongs to the far-right political spectrum and whose opinions do not in any way reflect those of ths average Belgian citizen.

Most Belgians reject separatism along ethnic or linguistic lines, a fact proven by recent opinion polls. Their dignified sorrow following the death of the king has demonstrated their profound allegiance to their country.

It is this and their faith in our new federalist state which keeps Belgium alive, and not some obscure capitalistic conspiracy in Brussels as Mr Sweron would have it.

E Vrancken,
173 Strines Road,
Stockport SK12 3AN

Losers in a Gatt deal

From Mr Peter Madden.

Sir, While Adrian Hewitt and Sheila Page (Letters, August 4) rightly stress the overall economic gains to developing countries from the current General Agreement on Tariffs and Trade package, they fail to point out that these gains will be unevenly spread. Their own work, as well as that of others, shows that the very poorest countries may lose out.

The world's poorest countries will suffer from the erosion of the value of their current trading preferences, higher prices for imported food, and a decrease in bargaining power resulting from the new investment regime. Their heavy reliance on primary products and a lack of capital, skills and technology mean that they stand to gain little from the trade liberalisation and a growth in world income. In our haste to conclude the Uruguay round, let us not forget the needs of the poorest.

Peter Madden,
Christian Aid,
PO Box 100, London SE1

Flexible VAT

From K H A Smith.

Sir, Recent reporting on the number of company liquidations this year seems to ignore the fact that it is government departments which seem to be causing the mayhem. In a recent issue of Stubbs Gazette dated Friday July 23, under the section "Petitions presented", one page alone contained 131 reports – there were 84 from HM Commissioners of Customs & Excise and four from the Inland Revenue. The majority on other pages were just the same, hut I lost count.

Would not some flexihility on the payment of VAT by small firms dramatically reduce the number of liquidations?

K H A Smith,
1 Sherbourne Road,
Acocks Green,
Birmingham B27 6AB

Buying spree

From Mr R Walker.

Sir, Whatever happened to "Sell in May and go away"?

R Walker,
Collessie Mill House,
Collessie, Fife KY7 7RQ

Second quarter advance of 7% leaves half year result at £984m

Unilever ahead of City forecasts

By Tony Jackson

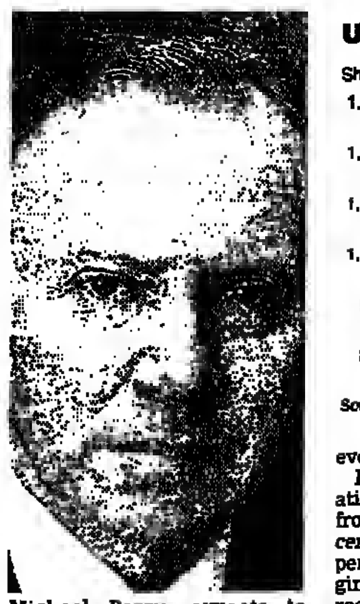
UNILEVER, the Anglo-Dutch food and consumer products group, lived up to its reputation for dependability yesterday with a 7 per cent rise in pre-tax profits for the second quarter to end-June.

The rise was the same as that in the first quarter, and the company said it expected the performance to be maintained in the second half.

The results were slightly better than market expectations, and the shares rose 11p to 986p.

The rise to £564m against £526m, makes £984m (£919m) for the half year. The increase was at constant exchange rates and Unilever said its net profit – up 8 per cent on the same basis – was up 21 per cent if recalculated at current exchange rates, thus giving effect to sterling's devaluation last September.

Mr Michael Perry, the chairman, said the performance was much weaker in the US and Europe than in the rest of the world. US operating profit for the quarter was down 8 per cent, mostly because of increased competition in detergents and pasta sauces, while European profit was down 1 per cent. He added that in the rest of the world, profit was up 45 per cent.



Michael Perry: expects to maintain group's performance

This was partly due to the full consolidation of Brooke Bond and Lipton in India, and the $284m (£190m) acquisition of the Cica tomato-based food business in Brazil. However, Unilever said there were widespread increases in sales and profits outside the US and Europe, and its operations in Japan, lossmaking for some years, were on target to break even this year.

In the second quarter, operating margins in Europe fell from 9.7 per cent to 9.4 per cent, and in the US from 6.1 per cent to 5.6 per cent. Margins in the rest of the world rose sharply from 8.2 per cent to 9.6 per cent.

Sales in the first half were up 6 per cent. Unilever said the increase was made up of 2.5 per cent extra sales volume, 2.5 per cent increased prices and 1 per cent from acquisitions net of disposals.

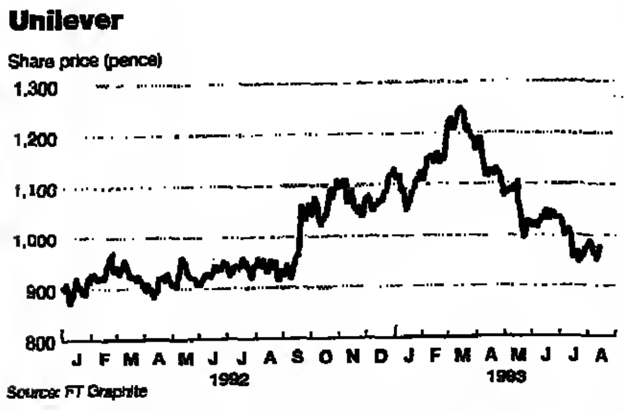
Acquisitions in the period contributed £31m of operating profit on sales of £235m. In the first half of 1992 subsequently discontinued operations accounted for £200m of turnover and £7m operating profit.

Partly as a result of the acquisition programme, interim net debt was £1.925bn, compared with about £1.5bn the year before.

Group sales for the second quarter and half year respectively were £6.66bn (£6.31bn) and £12.69bn (£11.94bn). Operating profit was £585m (£548m) and £1.03bn (£967m). Interest payments net of investment income came to £21m (£22m) and £44m (£48m). Earnings per share, at current exchange rates, were 20.58p (16.98p) and 36.38p (30.07p).

The interim dividend will be declared with the third quarter results in November.

See Lex



Wm Baird acquires Racke for £18m

By Catherine Milton

WILLIAM BAIRD, the textile manufacturer, has become Britain's third largest supplier to high street retailer Marks and Spencer with the acquisition of Richard I Racke, the ladies' wear and casual clothing company, for an initial £17.6m.

The market welcomed the move and Baird's shares closed 15p higher at 275p.

Mr Nicholas Webster, chief executive of Baird Textiles, the main subsidiary, said the deal would enhance earnings immediately. Racke would contribute more than four months profits to the current year.

He stressed that Baird was not "wholly dependent" on Marks and Spencer with a maximum of 30 per cent of its annual sales going to the retailer.

Mr Webster said the deal would yield some cost savings: "Like Baird, Racke's factories are located in Scotland and the north east of England. We will be looking to gain better efficiencies and factory utilisation."

Mr Donald Parr, Baird's chairman, said: "Racke is a design-led business with modern, flexible production facilities. The linkage with Racke will provide significant synergy benefits and extends the company's interest in fast growing areas of ladies' casual wear."

For the year to end-December 1992 Racke made pre-tax profits of £3.75m, after non-recurring charges, on turnover of £29.1m. Net assets at year-end were £4.6m, before deduction of a dividend of £4m paid this month.

Consideration is being satisfied via the allotment of 883,594 shares, £14.8m in guaranteed loan notes and £1.18m cash. There is an additional profit-related consideration of up to £3m.

Medeva shareholder sues over trading statements

By Peggy Hollinger

A SHAREHOLDER in Medeva, the drugs group which recently saw its shares halved following a profits warning, is suing the company and its directors over allegedly misleading trading statements.

The group's shares fell a further 11½p to 95½p on the announcement. Analysts greeted the news with a weary resignation after a month in which the shares have fallen from a peak of 216p. "This sort of thing is certainly not helping the cause," said one.

The shares fell sharply last month when the group warned its profits would be some £10m less than expectations of £55m to £57m. The warning came just three months after the group had launched a £94m 1-for-4 rights issue at 180p.

The company said yesterday that it was too early to indicate the possible ramifications. The plaintiff had not specified the level of damages sought. However, it said it had been advised that such class action suits following a sharp decline in a company's share price were a common occurrence in the US.

In general, the company said, such actions were settled out of court. However, Medeva was determined to oppose all claims in this case.

The shareholder has launched a class action suit, aimed at representing US investors who bought American Depositary Receipts between January 14 and July 19, the date of the profits warning. It has been estimated that some 2m shares were traded during that period.

The investor alleges that Medeva and some directors violated US securities laws by failing to warn the stock market of the group's impending troubles and being over-optimistic about prospects.

Specific reference is made to comments by the company at the time of the merger with Armstrong Pharmaceuticals of the US in January, and at the time of the rights issue in April. The action has been lodged against all but two directors, the company and its main US subsidiary.

CWB pays £285m for Swedish flooring group

By Roland Rudd in London and Chris Brown-Humes in Stockholm

CWB CAPITAL Partners, a London-based acquisition fund, is buying Tarkett, an international flooring company, for SKr3.4bn (£285m).

The purchase, from Stora, Europe's biggest pulp and paper group, is another acquisition for CWB's North European Acquisition Fund, which focuses on large, international businesses based in the UK, Germany and Scandinavia.

Mr Richard Hanson, who runs CWB's London office, has acquired European market leaders with an international spread of earnings.

Earlier this year CWB bought B&L, one of the world's leading suppliers of dosing pumps, industrial analysers and electronics for industrial weighting. In 1990 it bought Swedish-based ARJO Group, the world's largest supplier of hygiene, transport and lifting equipment for hospital patients.

Mr Lars-Ake Helgesson, Stora's president, said the disposal reflected the group's desire to concentrate on its core forestry business and its wish to strengthen its balance sheet. He also described the sale as "a good long term solution for Tarkett" as CWB is a "financial buyer who will keep the company intact".

The disposal is expected to produce a capital gain of around SKr800m for Stora, and strengthen its equity/assets ratio from 29 per cent to 31 per cent.

Tarkett was acquired by Stora in 1988 as part of a larger acquisition of the Swedish Match group. Last year Tarkett produced an operating income of SKr266m on turnover of SKr5.3bn.

The company has manufacturing operations in Sweden, Germany, Ireland and the US, producing 100m square metres of flooring products a year. Mr Helgesson says this makes it one of the world's top three producers of flooring.

The company's main markets are western Europe and the US, which account for 97 per cent of sales. It has 4,800 employees.

Tarkett is expected to make a profit of SKr325m this year – which Stora will keep as part of the overall sale price – compared with SKr266m last year.

Low confidence leaves Haden MacLellan down at £1.8m

By Catherine Milton

HADEN MacLellan Holdings, the industrial conglomerate, yesterday highlighted low customer confidence in capital projects, as it reported a decline in pre-tax profits from £2.4m to £1.8m in the six months to June 30.

The board is holding the interim dividend at 1p, covered by earnings down at 1.3p (1.5p).

Mr Harold Cottam, chairman, said: "Buyers have felt less confident about investing in capital projects and, as some of our products are of a capital nature, order opportunities have been restricted."

He said confidence in the UK and the US was increasing, but that economic recovery was slow. The recession continued in continental Europe.

The depressed profits were struck on turnover up at £152.7m (£141.9m) as margins suffered under competitive pressure but volume improved.

All divisions traded profitably. Operating profits in manufacturing and distribution fell to £1.5m (£2.2m) hit by continuing uncertainty in the UK economy, the company said.

In process engineering and services, operating profits were maintained at £1.1m, disguising a drop to £660,000 (£3.5m) in Europe and the Australia and profits of £508,000, against losses of £2.4m, in the US.

Mr Cottam said: "Our attention to the growing south east Asia market has been rewarded with substantial new business, although this has not matched the downturn in our traditional markets."

There were property operating profits of £200,000, against losses of £300,000.

Mr Cottam said the next property revaluation was due at December 31. "It is not possible to predict what impact this may have although it is possible in the current climate that it may give rise to some reduction in carrying values."

The net interest charge was maintained at £300,000 on "modest" borrowings. At the end of the period there was net cash of £1m (£1.2m).

Portmeirion 12% up at £1.6m

PROFITS before tax of Portmeirion Potteries (Holdings) rose to £1.59m for the six months ended June 30, an improvement of 12 per cent over last time's £1.42m.

The figures benefited from a sharp reduction in interest charges to £27,000 (£220,000), which reflected lower interest rates on lower bank borrowings.

Turnover for the opening half year increased from £10.43m to £11.37m but at the operating level profits were static at £1.54m having been adversely affected by difficulties experienced in the installation of new glazing equipment.

Earnings per share rose from 8.89p to 9.88p and the interim dividend is a same-again 2.25p.

Looking ahead, the directors said some export markets remained difficult.

They added, however, that the major markets in the UK and the US were "performing well" and that profit margins were expected to improve now that production difficulties were being overcome.

The shares rose 4p to 369p.

Scottish TV plans sale or flotation of its Pauline Hyde offshoot

By John Murrell

SCOTTISH Television said yesterday that it would either float or sell Pauline Hyde & Associates, its outplacement and career development subsidiary, before the end of 1998.

A new management team had been appointed at PHA and a review of the future strategy of STV's investment in the offshoot had been undertaken.

These moves followed a "disappointing profit performance" of PHA in the opening six months of 1993. For 1992 the company returned pre-tax profits of £2.3m on turnover of £12m.

Directors of STV said PHA would be listed on the London Stock Exchange or be sold privately "at a significant premium to its current value". In that event Diplema, a company controlled by Mr Colyn Gardner and Mr Mark Allsup, and the new management team would be entitled, on a listing, to acquire up to 40 per cent of PHA's share capital.

Mr Gardner, Mr Allsup and Mr Max Nicholson, majority shareholders in Fairplace Consulting, the outplacement and training consultancy in the City, have joined PHA as executive chairman, chief executive and executive director respectively.

Diplema and the new management team will have the right to acquire PHA from STV in 1999 if a listing or sale is not achieved. STV's shares dipped 5p to 524p.

British Syphon suffers margin pressure and lower interest income

By Peggy Hollinger

LOWER interest received and pressure on margins hit British Syphon Industries, the industrial group, in the first half of 1993. It reported a 13 per cent decline in interim pre-tax profits to £2.3m, against £2.62m.

Mr Brian Morrall, chairman, poured cold water on talk of an end to recession in the short term. BSI had not seen "any material change in the economic climate". In fact, the outlook remained uncertain with one of BSI's largest markets in Germany.

Group sales were 11 per cent lower at £17.6m, depressed by the disposal of two businesses which contributed sales of £2.88m to the comparable turnover of £19.7m. Operating profits of continuing operations were 13 per cent down at £1.27m (£1.46m).

Interest revenue fell by 33 per cent to £1m (£1.5m). Earlier this month BSI paid a special dividend of 62.35p, as a way of distributing the bulk of its £33m cash mountain, leaving net cash of £11m. An interim dividend is not being paid against 2p last time.

Mr Morrall said failure to reach agreement with Britannia, its 69.39 per cent parent, over a suitable acquisition had resulted in the special payment.

Earnings per share were 0.2p lower at 4.5p.

● Newton Mill, the property management company owned by BSI, lifted pre-tax profits from £16,000 to £62,000 in the six months ended June 30. Turnover improved to £75,000 (£40,000). After tax of £17,000 (£5,000) earnings per share worked through at 4.4p against 1.4p.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
British Syphon	int	nil☆	-	2	-	4.5
Haden MacLellan	int	1	Nov 1	1	-	2
Portmeirion Pott	int	2.25	Oct 4	2.25	-	7.75

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock. ☆ Special payment of 62.35p already paid.

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1993 High	1993 Low	Stock	Closing Price p	+or-	Net Div.	Times Covd.	Gross Yield	P/E Ratio
120	F.P.	-	147	135	Batmonde	140					
†150	F.P.	-	166½	150	British Telecom (F Paid)	166	+1½	N15.6	1.4	4.8	21.1
160	F.P.	-	64	36	Danaher Java W	62	+1				
-	F.P.	-	54	36	Do Warrants	52					
-	F.P.	-	3½	3½	Kleinwort A	3½					
-	F.P.	-	153	148	Findlay Smith Ctrs C	153					
-	F.P.	-	79	75	Flying Flowers	78					
85	F.P.	-	107	94	Kleinwort Emrg Mkts	104		R3.3	3.2	1.1	17.5
100	F.P.	-	116	101	Lazard High Inc Tst	116					
100	F.P.	-	95	82	Martin Currie Pac Tst	93					
125	F.P.	-	137	127	Quadramatic	137		Lb4.5	2.2	4.1	14.0
-	F.P.	-	24	19	Fleming Warrants	22					
-	F.P.	-	102	101	Second MSCC	102					
250	F.P.	-	325	283	Stanelco Un Serv	322	+10	W7.5	1.8	2.9	28.1

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1993 High	1993 Low	Stock	Closing Price £	+or-
-	F.P.	-	105½p	100p	Ashley Sugar Cts Pl	110½p	
102	F.P.	-	107½	105	Hartlepool Water 8% 2003	107½	
100	F.P.	-	105½	99¾	Greenalls Fin 9% 2018	103½	
-	F.P.	-	112	104	Marling 8½pc Ct Pl 2003	112½	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1993 High	1993 Low	Stock	Closing Price p	+or-
5	Nil	-	25/8	4pm	4pm	Alliance Res	4pm	
40	Nil	-	13/9	11½pm	3pm	Brisdon	3pm	
30	Nil	-	20/8	7½pm	2½pm	Brtish Telecom	4½pm	
500	Nil	-	6/9	100pm	90pm	Clyde Blowers	98pm	
127	Nil	-	13/9	20pm	16pm	Headlam	16pm	
19	Nil	-	8/9	3pm	1pm	Inspec	1pm	-¼
8	Nil	-	10/9	3½pm	2½pm	Intermediate Foods	3½pm	
150	Nil	-	10/9	28pm	21pm	Rotork	23pm	
275	Nil	-	17/9	31pm	18pm	Sidlaw	30pm	
240	Nil	-	22/9	34pm	29pm	TT Group	30pm	

pm Price at a premium. † Price offered in public. For other notes please refer to the Guide to the London Share Service

TRADITIONAL OPTIONS

● First Dealings Aug. 9
● Last Dealings Aug. 20
● Last Declarations Nov. 11
● For settlement Nov. 22

3-month call rate indications are shown on page 9.

Calls: Acorn Comp., Aran Energy, Carlisle, Clutt, Cons. Murch., Ex. Co. Louisiana, Goldsmiths, LIT Pref., Kunick, Pilkington Wts., Pentos, Perpetual, Pelon, Saville Grp., Telemetrix and Tullow Oil. Puts: Carlisle, Clutt, Goldsmiths, Saville Grp. and Simon Eng. Pus & Calls: Cons. Murchison, Hanson Wts. and Kunick.

Unit tumbles and incurs £388,013 losses

UNIT Group, the USM-quoted maker of timber pallets, tumbled to £388,013 in the red for the year ended March 31. Last time there were pre-tax profits of £138,971.

Mr John Adams, the chairman, said the results were a great disappointment and reflected the extremely difficult conditions in the pallet industry.

The main problems were the fall in volumes as a consequence of recession on its customers and an increase in the cost of timber as a result of the fall in the value of sterling.

Turnover declined to £18.9m (£21.2m) and operating losses amounted to £67,347 (£650,930 profits).

The pre-tax result was after interest and similar charges of £320,666 (£511,959).

Losses per share emerged at 6.3p against earnings of 0.8p.

Although trading losses had continued into the current year, Mr Adams said the board had and would continue to take action to restore profitability as soon as possible.

NEWS DIGEST

Expansion by Select Appoints

SELECT Appointments, the USM-quoted recruitment consultancy, is buying Accountants Inc of California and Hughes Castell with offices in London and Hong Kong, for a total maximum of £5.87m cash.

Accountants reported pre-tax profits on continuing activities of $95,540 (£64,000) on sales of $9.5m in the 1992 year. Net assets at the end of the period were $360,122.

Select is paying an initial $4.8m plus $1m to Mr Dianne Burr, the company's founder, under a non-competition covenant. There is a profit-related payment to a maximum of $1.5m.

Hughes Castell provides legal recruitment services. In its last financial year it reported profits of £110,000 on sales of £750,000. Net assets at the period-end were £59,000.

There is an initial payment of £481,000 plus a profit-related maximum payment of £419,000.

The initial payments are funded by loans from Waverley (UK).

British Thornton placing for £5.6m

British Thornton Holdings, the packaging group, is raising £5.6m via a placing of 43m shares to help finance the acquisition of Mesterform Group, the manufacturer of packaging and display materials.

The new shares are being placed at 13p.

The group also announced a 39 per cent rise in pre-tax profits, from £947,000 to £1.3m, for the year ended April. Sales increased to £8.7m (£4.7m). Earnings per share fell to 0.98p (1.04p) and there is a final dividend of 0.25p.

The consideration for Masterform is £6.6m with the initial payment being £5.83m, satisfied by 17.1m shares and £3.4m in cash.

Further payments, up to a maximum of £240,000 and £425,000, will be made in two tranches based on Masterform's profits exceeding £850,000 and £1.2m in the years ending April 30 1994 and 1995 respectively.

In addition loans of £247,000 made to Masterform will be paid back on completion of the acquisition.

Cussins in black and calls for £2.5m

Cussins Property Group, the residential property developer, is raising a net £2.5m by a rights issue to reduce debt and provide a firmer capital base for expansion.

The company also reported a turnround from losses of £564,000 to profits of £687,000 in the first half of 1993. Last year's figure was after a £867,000 provision on activities to be discontinued.

The underwritten issue is being offered on the basis of 1-for-4 at 75p each. The shares closed down 3p yesterday at 91p.

Directors said that as the effects of recession diminished consumer confidence would continue to strengthen. The trend in net reservations was encouraging, the company said, with 220 in the first seven months of 1993 against 216 for the whole of 1992.

Turnover for the six months to June 30 was £9.46m (£8.08m). Earnings per share were 4.4p (losses 3.9p) and the company is returning to the dividend list with an interim payment of 1p.

Sea Containers second half slip

Second quarter net income of Sea Containers, the Bermuda-based cargo equipment and ferry group, fell from $13.3m to $10.4m and left the figure for the half year to end-June at $17.9m ($12m) compared with $18.6m.

Earnings per common stock for the half-year emerged at 97 cents (55 cents).

EFM Small Companies

Those who applied for over 100,000 shares in EFM Small Companies Trust, a new investment trust whose offer of shares has been oversubscribed, will receive 15 per cent of their application, not 10 per cent as was reported in the Financial Times yesterday. Dealings in the shares and warrants will start on August 19.

Malaya £0.15m in red despite growth

Malaya Group, the USM-quoted motor retailer, reported pre-tax losses of £153,000 after a further six months of its planned expansion.

Turnover advanced from £3.66m to £16m with gross profits of £1.88m against £518,000. However, operating losses were £82,000 (profits £15,000), mainly resulting from the costs of expansion. Net interest costs were lower at £71,000 (£175,000).

Losses per share were reduced at 0.35p (1.87p) after the increase in shares resulting from the £9.6m placing and open offer in June.

New London agrees disposal terms

New London, the UK quoted oil and gas exploration and production company which operates in the US, has finally agreed terms for the sale of its International Drilling Fluids unit to Schlumberger of the US.

In May the UK company signed a letter of intent with Schlumberger which involved the US energy services company taking a 10 per cent stake in the vendor, but New London cancelled the deal last month when it received revised terms.

Under the latest agreement, New London will receive $12m (£8m) cash, subject to adjustments, for IDF, which will be sold with $30m of bank debt.

New London, which bought IDF two years ago for $21m, said proceeds would be used to remove virtually all of the company's existing bank borrowings.

CSC Investment asset value 111.12p

CSC Investment Trust had a net asset value per share of 111.12p at June 30 1993 compared with 112.47p a year earlier and 101.63p at December 31 1992.

Net revenue for the half year fell from £30,139 to £19,180. An unchanged interim dividend of 1.6p is declared, uncovered by earnings per share of 1.16p (1.83p).

Eng & Caledonian assets improve

Net asset value per ordinary share of English & Caledonian Investment rose from 181.8p to 191.2p over the 12 months ended June 30.

After-tax revenue slipped from £245,000 to £192,000, equal to earnings per share of 4.28p (5.46p). The dividend for the year is being lifted from 3.75p to 4p via an increased final of 2.75p.

Genesis Emerging income ahead

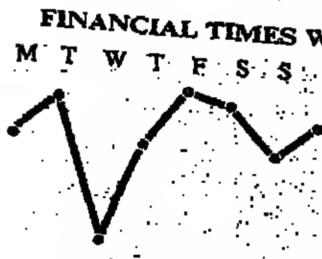
Net income of Genesis Emerging Markets rose from $579,517 to $1.5m (£1m) over the 12 months ended June 30.

Earnings per participating share emerged at 28 cents (10.9 cents) and dividend per participating share is lifted to 26 cents (10 cents).

Foreign & Colonial Enterprise assets rise

The net asset value per share of Foreign & Colonial Enterprise Trust stood at 66.3p at June 30 against 45.3p a year earlier and 53.8p at its December 31 year end.

For the six months to June 30 net revenue improved to £374,000 (£249,000) after a tax credit of £20,000 (nil) and earnings per share amounted to 0.4p against 0.27p.



ECONOMIC DIARY

TODAY: National savings results (July).

TOMORROW: United Nations Security Council due to review sanctions against Libya on the Lockerbie case. Mr Juan Carlos Wasmosy, president-elect, takes over from General Andres Rodriguez to become first freely-elected civilian president of Paraguay. Start of the Edinburgh Festival and Festival Fringe (until September 4). International Genetics Congress opens in Birmingham (until Saturday).

MONDAY: Overseas earnings of the City 1992. US industrial production; capacity use (July). Ninth round of Sino-UK talks expected to begin in Beijing (until August 17). Talks in Uganda between Brazil and the Inter-African Coffee Organisation. Interim statement from Argos.

TUESDAY: CBI survey of distributive trades (July). Public sector borrowing requirement (July). UK acquisitions and mergers (second quarter). VAT registrations and deregistrations 1992. US housing starts - building permits (July). Monopolies and Mergers Commission publishes summary and conclusions of reports on the gas industry. Statement from the International Air Transport Association. Radiocommunications Agency publishes annual report. Interim statements issued by Marley, Hanson and Sedgwick Group.

WEDNESDAY: Retail prices index (July). Retail sales (July). Government of Finland starts final drafting of 1994 budget.

THURSDAY: UK income, output and expenditure (second quarter). Capital expenditure and stockbuilding (second quarter-provisional). Machine tools (June). Major British banking groups' monthly statement (July). Building societies monthly figures (July). Provisional figures for vehicle production (July). Provisional estimates of monetary aggregates (July). US jobless claims; merchandise trade (June). Mr Shimon Peres, Israeli foreign minister, starts two-day official visit to Norway.

FRIDAY: Balance of trade with countries outside the European Community (July).

LIFFE EQUITY OPTIONS

Option		Calls Oct	Calls Jan	Calls Apr	Puts Oct	Puts Jan	Puts Apr
Allied-Lyons	550	57	65	75	5	15½	20½
(*584)	600	23½	33	45½	24	36½	41½
Argyll	300	35½	41½	47½	6½	11½	14½
(*327)	330	18	24	30½	17	25	28
ASDA	57	8½	-	-	3½	-	-
(*61)	67	2½	-	-	9	-	-
Brit Airways	345	24	34	-	14	22½	-
(*352)	360	18½	25½	34	21½	30½	34½
Smkl Bchm A	420	30	40½	50	15¼	26½	29½
(*431)	460	12½	24	33	39½	48½	52
Boots	460	31½	38	46½	11	18½	24½
(*474)	500	11	20½	28½	32½	40	48
BP	300	18½	23	27½	10½	15½	18½
(*305)	330	4	10½	15	29	33	34½
British Steel	110	12½	17½	21½	5½	9½	11½
(*119)	120	7½	12½	16	10½	14½	16½
Bass	460	36½	47	52	9	21	27
(*481)	500	16	25	31½	28	44	48
Cable & Wire	800	90	92	97½	13½	25	31
(*841)	850	35	52½	69	34	46	52½
Courtaulds	550	45	58	67½	9¼	18	24
(*577)	600	17	28	41	33½	43	47½
Comm Union	629	31½	-	-	14½	-	-
(*658)	677	10½	-	-	43	-	-
GKN	500	21	-	-	21	-	-
(*508)	550	7½	-	-	56	-	-
ICI	701	32½	50	-	25	33½	-
(*684)	750	8	21	28	70½	75	90
Kingfisher	650	38	54½	69	19½	27	30
(*688)	700	13	30	42½	47½	64½	59
Land Secur	650	45	53½	68½	11	19½	27
(*674)	700	17	30	42¼	25	45½	52
Marks & S	360	21¼	29	36½	9½	18	18
(*366)	390	9	15	22	27	32½	34
NatWest	460	29½	42	40	12	19	27
(*479)	500	10½	22	26½	25½	41½	49½
Sainsbury	460	38	50½	60½	9	17	21
(*484)	500	17¼	28½	38½	28	35½	39½
Shell Trans.	650	23	40½	48	18½	27	37½
(*660)	700	8	18	24¼	51½	56½	66
Storehouse	220	18	22	26	8	13½	15½
(*225)	240	6½	12½	16½	10½	24½	27
Trafalgar	101	11	-	-	5½	-	-
(*160)	110	6½	10½	18½	10½	14	18
Unilever	950	63	81½	94	17	25	37
(*988)	1000	33½	51½	60	36½	40	62½
Zeneca	650	32	48½	58	22	21½	45½
(*682)	700	11	25½	32	58	63	75½
Option		Oct	Feb	May	Oct	Feb	May
Grand Met	420	39½	48	58	7½	18	22½
(*446)	460	14	28	35	26	38	42½
Ladbroke	200	16½	22	26½	10½	15½	22
(*208)	220	6½	15½	17½	22½	27½	33½
Utd Biscuits	360	31½	43	45½	11½	20½	27½
(*378)	390	15	27½	30½	27½	35½	44
Option		Oct	Dec	Mar	Oct	Dec	Mar
Fisons	160	10	22½	28	6½	11½	14½
(*170)	180	8½	12½	10½	17½	23	28

Option		Calls Nov	Calls Feb	Calls May	Puts Nov	Puts Feb	Puts May
Brit Aero	420	65	60½	88	20	32	39
(*457)	460	42½	60	69¼	37	51	57
BAT Inds	450	30	44½	-	12½	17	-
(*463)	475	19	29½	23½	43	47	94
BTR	390	22	31	34½	13	18½	22
(*400)	420	8	18½	19½	37	94	37
Brit Telecom	420	21½	26	32	15½	22½	24½
(*432)	460	9	11½	18½	42	47	48½
Cadbury Sch	460	31½	44	47¼	15	21	28
(*473)	500	13	24½	28½	38	43½	51
Eastern Elec	500	41	48	55½	11	17½	20½
(*523)	550	15	25	31	36	43	46
Guinness	460	25	35	43½	21	28½	35½
(*461)	500	9½	17½	25½	48	53½	90
GEC	330	32	35½	43	5	9½	11½
(*351)	360	14	20½	26	19	22½	24½
Hanson	240	20	24	26	6½	10	13
(*254)	260	9½	14	18	15	20	23
Lasmo	130	15½	20½	23	8½	12	14
(*135)	140	9	15½	18½	14	17	19
Lucas Inds	140	20½	24	27	6	9	12
(*153)	160	8	12½	15	15	18½	21½
P & O	650	28	54½	64	29½	37	51½
(*667)	700	18	33	40	62	67½	81½
Pilkington	140	18	20	22	8	10	12
(*160)	160	7	9½	12½	17	22½	23½
Prudential	300	33½	39½	41½	6½	8	13
(*327)	330	14	21½	24	18	21½	27½
RTZ	650	56	71	77½	12	18	24½
(*684)	700	26	41½	49½	34	39½	47½
Redland	550	32	45½	53	31½	38	52
(*554)	600	12	26	32½	64½	68	82¼
Royal Insce	330	14	21½	34½	18	21½	24½
(*353)	550	4½	10½	22	40	41	41½
Scot & New	420	45	-	-	7	-	-
(*448)	460	19½	-	-	23½	-	-
Tesco	220	16½	24	28½	12½	17	21½
(*223)	240	7½	14½	19½	25	29	33
Vodafone	500	45½	58	68	18	25	25½
(*521)	550	19½	34	43½	42	51	55½
Williams	330	22½	30½	34½	15½	19½	25½
(*338)	360	9	17	21	34	37½	42½
Option		Nov	Jan	Apr	Nov	Jan	Apr
BAA	750	57	62	76½	18	23	25
(*780)	800	28½	38	49½	39	47½	52
Thames Wtr	500	35	40	49	12	18½	20½
(*510)	550	18	18	24	40½	43½	47
Option		Sep	Dec	Mar	Sep	Dec	Mar
Abbey Natl	390	18	31	59	8	14	22
(*404)	420	4½	18	24	24½	30½	37½
Amstrad	35	2	8	8	2½	4½	5
(*35)	40	1	3	4	6½	7½	8½
Barclays	460	28½	51½	60½	4	12	18½
(*491)	500	11	25	37	20½	29½	36
Blue Circle	280	13	22½	30	9	26½	29
(*282)	300	5	14	21½	22½	32½	35½
British Gas	330	11½	19	25	7½	18	27
(*332)	360	2½	8½	13	28½	37½	39½
Dixons	220	15	24½	32	7	14	18½
(*227)	240	5¼	15½	22	18½	24½	29

Option		Calls Sep	Calls Dec	Calls Mar	Puts Sep	Puts Dec	Puts Mar
Eurotunnel	460	28	53½	-	19½	37½	-
(*467)	500	11½	33½	-	45	61	-
Glaxo	500	31½	47	-	12½	33	-
(*514)	550	10½	26	-	41½	65	-
Hillsdown	160	8½	15	19½	8½	13	16
(*161)	180	2	7	12	21½	26½	29
Lonrho	120	11½	18	21½	3	7½	11
(*127)	130	5½	13	16½	7½	12½	15½
HSBC 75p shs	750	24½	50½	69½	27½	42½	59½
(*754)	800	7½	29	48½	63½	73	68
Natl Power	330	30½	41	45	2½	7½	12
(*357)	360	9	23	27½	12	18½	24
Reuters	1500	63	117	-	27	64	-
(*1531)	1550	31½	90½	-	54½	88	-
[illegible]							
Rolls-Royce	160	8½	15	-	7½	14½	-
(*161)	180	2	8	-	22	27¼	-
Scot Power	300	58	68	-	1	2½	-
(*352)	360	9	23	-	12	18½	-
Sears	110	8	10½	13	2½	5½	7
(*113)	120	2½	5½	8	8½	11½	13
Forte	220	18½	26	32	4	10½	14¼
(*233)	240	7	15	22	13	21	24½
Tarmac	140	13	18½	23½	4	11	14
(*148)	160	3½	9½	14½	15½	23½	28
Thorn EMI	900	45½	73	85½	9	22½	33
(*931)	950	18	44	58½	31½	40½	56½
TSB	200	13	21	26½	4½	9	14
(*218)	220	4	11½	15½	18	21	25
Tomkins	220	12½	22	27½	5	11	14½
(*226)	240	4	13	17½	17	22½	26
Vaal Reefs	70	8½	13	-	8	13½	-
(*$71)	80	3½	9	-	15½	20	-
Wellcome	600	52½	71½	85¼	6½	26	34
(*640)	650	20½	44	58	27	50½	59

EURO FT-SE INDEX (*3007)

	2775	2825	2875	2925	2975	3025	3075	3125
CALLS								
Aug	240	191	140	90	45	13	2	1
Sep	249	201	154	111	72	42	23	10
Oct	-	-	-	-	-	-	-	24
Mar	-	-	-	-	-	145	-	-
Jun †	-	-	-	-	-	160	-	-
PUTS								
Aug	½	1	2	3½	7½	27	66	114
Sep	4	8	9	19	29	45	77	115
Oct	-	-	-	-	46	68	-	-
Dec	-	-	-	55	-	-	-	-
Mar	-	-	-	-	-	125	-	-
Jun †	-	-	-	-	-	145	-	-

FT-SE INDEX (*3007)

	2850	2900	2950	3000	3050	3100	3150	3200
CALLS								
Aug	166	117	68	25	5	1½	1	1
Sep	176	133	92	57	32	18	7	3
Oct	-	-	109	73	60	30	-	-
Nov	-	168	-	82	-	-	-	-
Dec †	-	-	-	-	-	70	-	36
PUTS								
Aug	1	1½	4	15	44	64	144	194
Sep	8	12	22	36	68	121	146	196
Oct	19	24	38	53	-	-	-	-
Nov	28	41	-	79	-	-	-	-
Dec †	-	49	-	93	-	-	-	-

August 13 Total Contracts 20,342
Calls 9,268 Puts 11,164
FT-SE Index Calls 1,612 Puts 2,957
Euro FT-SE Calls 74 Puts 3,508
*Underlying security price. †Long dated expiry months.
Premiums shown are based on closing offer prices.

TRADITIONAL OPTION 3-month call rates

■ INDUSTRIALS	p	Cadburys	33	HSBC (75p shs)	54	Ratners	4	Brit Land	33
Allied-Lyons	45	Charter Cons.	55	Hanson	17	Reed Intl	52	Land Sec.	53
Amstrad	3½	Comm Union	46	ICI	45	Sears	7½	MEPC	37
Astec (BSR)	3½	Courtaulds	42	Ladbroke	15	SmKl Bchm A	34	■ OILS	
BAT Inds	39	Eurotunnel	40	Legal & Gen	36	TI	28	Arcon Intl.	8
BOC	49	FKI	12	Lex Service	34	TSB	15	Aviva Pet	9
BT	28	FNFC	9	Lloyds Bank	45	Tesco	17	BP	23
BTR	22	Forte	28	Lonrho	10½	Thorn EMI	75	Burmah Castrol	60
Barclays	38	GKN	38	Lucas Inds	15	Tomkins	12	Premier Cons	2½
Blue Circle	21	Gen Accident	22	Marks Spencer	27	T & N	18	Shell	46
Boots	40	GEC	25	NatWest Bank	18	Unilever	52		
Bowater	37	Glaxo	42	P & O Dfd	50	Vickers	18	■ MINES	
Brit Aerospace	28	Grand Met	36	Racal Elect	20	Wellcome	52	RTZ	52
British Steel	10	GRE	18	Rank Org	53	■ PROPERTY			

FT FIXED INTEREST INDICES

	Aug 13	Aug 12	Aug 11	Aug 10	Aug 9	Year ago	*High	*Low
Govt Secs (UK)	101.93	101.71	101.93	101.05	100.39	88.47	101.93	93.28
Fixed Interest	122.88	122.56	122.31	121.83	121.44	104.74	122.88	106.67

* for 1993. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75)
Fixed Interest high since compilation: 122.88 (13/8/93), low 50.53 (3/1/75)
Basis 100 Government Securities 15/10/26, Fixed Interest 1928.

GILT EDGED ACTIVITY

	Gilt edged bargains*	5-Day Average
Aug 12	132.1	130.8
Aug 11	141.4	132.6
Aug 10	117.4	129.4
Aug 9	123.7	142.9
Aug 6	139.8	142.9

* SE activity indices rebased 1974

COMMODITIES

WEEK IN THE MARKETS

Gold market bulls undismayed

GOLD MARKET bulls were not ready to throw in the towel this week as the metal's price retreated further following the dramatic sell-off that ended the recent upsurge. But there was less talk of the $40 plunge from last week's post-Gulf war high being nothing more than "a healthy correction" to an over-done rise.

As the London bullion market price clambered back above $370 a troy ounce yesterday morning, after Thursday's after-hours fall below $365, GNI, the London trade house, suggested that a close above $370 an ounce for the October position in New York would signal that the latest fall, which resulted from a heavy bout of US investment fund selling, had been a "bear trap".

"We would therefore be cautious buyers at current levels," GNI said in its daily Commodity Report. "The long-term position is still good."

Less confident was the trader who told the Reuter news agency he thought a fall through $365 an ounce in London would mean "the rally's all over". But others believed that even in the event of a fall to $360, fundamental factors would underpin the price and provide a solid base for a slow climb back.

The week had started with a $5.75 bounce in the London market to $382.25 an ounce, largely in response to the return of Swiss and Far Eastern buyers. But concerted efforts on Tuesday to consolidate the market above the $380 mark had to be abandoned and from mid-week investment fund liquidation began to add to the downward pressure in an unstable market that dealers said was still suffering the "aftershock" of last week's late plunge.

The subsequent recovery appeared to have run out of steam by yesterday lunch-time and the London price closed at $368.75 an ounce, up $3.90 from the low but still $7.75 down on the week. In late trading at the New York Commodity Exchange, however, the October futures position was trading at $370 an ounce, the target level identified by GNI.

If GNI is cautiously bullish about gold, there is nothing cautious about its view of prospects for the cocoa market. In the latest issue of its Cocoa Outlook report, published yesterday, it said that declining stocks, continuing consumption growth and doubts about future output pointed to the development of "the most exciting bull market for some time" over the next few seasons.

It suggested a rerun of the "massive" bull market of the 1970s was not out of the question, with the average cocoa price surging from £745 a tonne this year to £1,600 in 1994 and £2,700 in 1995. "Ultimately the rally should peter out close to the July 1977 second [futures] position high of £3,512 a tonne," GNI said.

The report included a forecast of a world cocoa supply deficit of 241,000 tonnes in 1993-94 and that tended to encourage buyers. But the resulting early upward move in the London futures market was wiped out in response to a strengthening of sterling and there was little sign that the market was yet in the mood for a bull run on the scale envisaged by GNI. The December futures price ended at £761 a tonne, down £1 on the day and up £7 on the week.

The London robusta coffee market has been much more volatile than the cocoa market of late, and this week was no exception. As the market sought a new trading level following the violent fluctuations caused in recent weeks by the ebb and flow of Brazilian frost fears the November futures price see-sawed between $1,100 and $1,150 a tonne, before closing yesterday at $1,121 a tonne, up just $7 on the week.

With the Brazilian frost scare season almost over most attention is focusing again on the Latin American coffee producers export retention scheme. The growing credibility of this effort to bring the world market into better balance by withholding 20 per cent of scheduled exports from the market brought the London coffee price close to the $1,000-a-tonne mark before the Brazilian weather took up the baton several weeks ago. Some doubts about the likely effectiveness of the scheme resurfaced this week but in general coffee dealers still held the view that, rather than face a renewed price collapse, leading producers would not stint in their efforts to make export restrictions stick.

Talks are to be held in Kampala next week on extending the scheme to African producing countries, and this was offered as an explanation for the relative steadiness of the London market, which trades the robusta coffee grown mostly in Africa, compared with the weakness of the New York market, which trades Latin American-type arabicas.

At the London Metal Exchange technical tightness continued to obscure the fundamental weakness of the copper market, despite the exchange management's warning two weeks ago that it would take draconian action to prevent serious distortion of the market by operators attempting to manipulate prices. The cash premium over three months delivery copper, which ended last week at $17 a tonne, stood at $40 as at yesterday's close.

The aluminium market passed another unwelcome milestone this week when the stocks total in LME warehouse moved above the 2m tonne mark. But there was no noticeable market reaction and the three months price rallied by $12.50 from Wednesday's low to end at $1,207.25 a tonne, down $15.25 on the week.

Richard Mooney

LME WAREHOUSE STOCKS
(As at Thursday's close)
tonnes

Aluminium	+25,375	to 2,001,050
Copper	+8,025	to 479,925
Lead	+100	to 276,725
Nickel	+522	to 103,652
Zinc	+7,725	to 731,600
Tin	-10	to 21,380

FT-ACTUARIES FIXED INTEREST INDICES

PRICE INDICES

		Fri Aug 13	Day's change %	Thu Aug 12	Accrued interest	xd adj. 1993 to date
	British Government					
1	Up to 5 years (25)	129.88	+0.08	128.96	1.63	7.40
2	5-15 years (23)	155.66	+0.49	155.07	1.78	8.59
3	Over 15 years (9)	174.84	+0.79	173.46	1.90	7.32
4	Irredeemables (6)	203.52	+0.29	202.93	3.05	7.35
5	All stocks (63)	151.19	+0.43	150.63	1.77	8.04
	Index-Linked					
6	Up to 5 years (2)	186.83	+0.18	185.81	0.27	3.41
7	Over 5 years (11)	180.77	+0.27	180.29	0.80	3.20
8	All stocks (13)	180.44	+0.25	179.99	0.74	3.22
9	Debs & Loans (66)	142.83	-0.39	143.39	3.13	6.05

AVERAGE GROSS REDEMPTION YIELDS

			Fri Aug 13	Thu Aug 12	Year ago (approx.)	1993 High		1993 Low	
	British Government								
1	Low	5 years	6.35	6.38	8.52	7.22	29/4	6.33	19/2
2	Coupons	15 years	7.16	7.22	8.89	8.37	12/1	7.15	13/8
3	(0%-7¾%)	20 years	7.29	7.34	8.89	8.64	20/1	7.28	13/8
4	Medium	5 years	6.46	6.49	9.40	7.56	11/1	6.46	11/8
5	Coupons	15 years	7.28	7.36	9.06	8.83	19/1	7.28	13/8
6	(8%-10¾%)	20 years	7.37	7.44	8.98	9.05	20/1	7.37	13/8
7	High	5 years	6.87	6.70	9.63	7.78	11/1	6.65	11/8
8	Coupons	15 years	7.51	7.59	9.27	9.11	20/1	7.51	13/8
9	(11%-)	20 years	7.54	7.61	9.18	9.28	20/1	7.54	13/8
10	Irredeemables/Flat Yield		7.48	7.48	9.20	9.05	20/1	7.46	13/8
	Index-Linked								
11	Inflation rate 5%	Up to 5 yrs	2.78	2.79	4.24	3.83	25/5	1.82	12/2
12	Inflation rate 5%	Over 5 yrs	3.12	3.13	4.52	3.89	14/1	3.30	11/8
13	Inflation rate 10%	Up to 5 yrs	2.05	2.06	3.41	2.31	17/6	0.92	12/2
14	Inflation rate 10%	Over 5 yrs	3.16	3.16	4.32	3.72	14/1	3.13	11/8
15	Debs &	5 years	7.96	7.86	10.76	8.97	4/1	8.41	16/3
16	Loans	15 years	8.25	8.18	10.50	9.94	19/1	8.14	10/3
17		25 years	8.38	8.34	10.34	10.10	19/1	8.38	10/3

Daiwa Bank rescues brokerage

By Emiko Terazono in Tokyo

DAIWA BANK has stepped in to rescue Cosmo Securities, a second-tier Japanese broker which yesterday reported an extraordinary loss of Y69.8bn ($677m) due to *tobashi*, or manipulation of its clients' accounts.

Daiwa will become the first bank to hold a stockbroking subsidiary, even though Japanese banks are not yet permitted to own brokerages.

Osaka-based Daiwa, a leading creditor of Cosmo, will inject between Y70bn and Y80bn through an emergency third-party share allotment. It will in effect acquire over 50 per cent of the broker, whose liabilities exceeded total assets by Y7.1bn, paralysing its operations.

Concern among the financial authorities was highlighted by a hastily-called press conference by Mr Hirohisa Fujii, finance minister.

Mr Fujii stressed the importance of Cosmo's rescue to prevent any confusion on the stock market and to protect Cosmo's employees.

However, the revelations may hit the Tokyo stock market, which had stabilised after a three-year decline that stemmed partly from scandals involving brokers' links with gangsters, stock price manipulation and compensations to favoured customers.

Ministry of Finance officials admitted they had not known of transactions which started in 1987, and of the extensive losses Cosmo suffered when it could not find new homes for the accounts of some 20 clients.

Last year, the ministry reprimanded Cosmo in a separate case involving *tobashi*, transferring loss-making stocks from client account to client account in an attempt to avoid booking the loss.

EVIDENCE of rising real estate debts and news of fresh investigations into securities deals, both emerging after Tokyo's close, sent prices of Japanese shares traded in London sharply lower, Reuter reports. Worried traders rushed to square positions before the weekend. "The underlying tone is one of fear. Decent positions have been given up as a result," said one dealer. The Nikkei-50 index fell 9.18 points to 1,272.65, following a 20.11 drop in the 225-share Tokyo index to 20,745.17.

The finance ministry has drawn up plans to investigate the country's 48 brokers, although it maintained Cosmo was likely to be an isolated case.

However, it is unlikely that Cosmo will be able to distribute dividends on its stocks, and the move is expected to be a financial burden on Daiwa, which plans to use its own funds for the bail-out.

Mr Hiroshi Nakano, president of Cosmo, said that the survival of the brokerage depended on Daiwa's help, and it was prepared to become Daiwa's affiliate.

Mr Nakano added that the company's capital adequacy ratio, which currently stands at minus 280 per cent, would rise after the capital infusion to 238 per cent, the level before the losses.

Hong Kong investors sell News Corp stake for $288m

By Simon Davies in Hong Kong

HUTCHISON Whampoa and the Li family have sold their holding in News Corporation for US$288.4m, less than three weeks after the shares were received as part-payment for the sale of 64 per cent of Star Television.

The Hong Kong investors made a profit of 10 per cent on the 6.27m News Corp American Depositary Receipts, which were sold at $46 each. The placement represented half of the proceeds from the $525m sale of the Asian satellite broadcaster.

The transaction had been expected, since News Corp shares have performed strongly following the Star deal and represent a low-yielding investment with a potential currency risk.

Hutchison has now raised HK$2.15bn (US$277m) in cash from its investment in Star, which will help fund the group's ambitious foray into UK telecommunications.

Around HK$1.5bn of the proceeds will be taken as an extraordinary profit, and will help offset expected provisions against Hutchison's Rabbit UK cordless telephone network.

The Hutchison share price rose 80 cents to HK$22.40 yesterday. Mr Adrian Faure, research director at Baring Securities, said: "This is positive news. It adds HK$100m to the bottom line from a trading profit, and Hutchison has now received all of the cash from the transaction."

Hutchison and the Li family remain partners with News Corp through their remaining 36 per cent stake in Star. They have said this will be retained as a long-term investment.

Euro Disney heading for heavy losses this year

By Alice Rawsthorn in Paris

EURO DISNEY, the troubled leisure group behind the Euro Disneyland theme park, yesterday confirmed it was heading for heavy losses this year after announcing a fall in consolidated operating revenue.

Revenues declined to FFr1.47bn ($243m) in the three months to June 30 (the third quarter) from FFr1.5bn in the same period last year.

However, the slight reduction in revenue for the period disguises the severity of the deterioration in the group's underlying performance, given that the theme park did not trade for the full quarter last year. It did not open until April 12 1992.

Euro Disney recently announced it had asked Walt Disney, its US parent, for financial support while it attempted to restructure debt.

It warned of a net loss of FFr600m for the third quarter and yesterday said that it had "no reason" to change that estimate.

Analysts now expect a net loss of between FFr1.8bn and FFr2bn for the full financial year to September 30.

The group, which initially hoped to be profitable from its opening year, has already reported a net loss of FFr1.08bn for the six months to March 31, after losing FFr339m in the previous year.

The deterioration in Euro Disney's performance during the third quarter is particularly grave, given that the spring months should be one of the busiest periods for the park.

Euro Disneyland has been dogged by the European recession, which has led to a slight shortfall in the number of visitors to the park and in the amount of money they spend.

The group has faced the additional problem of the strong franc in the current financial year, which began just after last September's currency crisis.

As a result, foreign attendance has fallen sharply. The number of visitors from the UK, previously one of its strongest markets, fell by 50 per cent to 310,000 in the first half.

But Euro Disney said bookings from outside France had already responded to the franc's recent weakness following this month's reform of the European exchange rate mechanism. It had detected an improvement in business from the UK and Spain.

The company also hopes to benefit from cost-cutting. The number of employees has been reduced from 18,580 on July 31 last year to 15,875 at the same date this year, mainly through cuts in its permanent workforce.

Ferfin stock recovers on speculative buying

By Haig Simonian

FERRUZZI Finanziaria (Ferfin), the Italian holding company which is staggering under total borrowings of L28.838bn ($17.8bn), staged a strong recovery in its share price on the Milan stock exchange yesterday.

On the second day of trading after Tuesday's two-day suspension, Ferfin shares soared by 46 per cent to close at L328.

Stock in Montedison, Ferfin's main industrial subsidiary, climbed by almost 5 per cent to L736.60.

Trading in Ferfin shares was suspended earlier this week in advance of news of revised losses for the first five months of this year and plans to write down the nominal share price to L5 from L1,000.

The impact of the write-down and scale of the problems at the group, which is labouring under allegations of political corruption, severe financial irregularities and vast debts, made it virtually impossible for analysts to judge a fair share price when trading in the shares resumed on Thursday.

Dealers said that yesterday's strong recovery in the group's share price - which followed an official price of L234.40 on Thursday - was partly speculative.

Trading was also fuelled by some upbeat forecasts for the fate of Ferfin's shares when its main creditor banks unveil their rescue plan next month.

Berlusconi in share-swap deal

By Haig Simonian in Milan

SILVIO Berlusconi Editore, the publishing house owned by Mr Silvio Berlusconi's Fininvest group, has launched its expected share exchange offer for Mondadori, Italy's biggest publisher.

The deal - effectively a reverse takeover of Mondadori by SBE - will allow Mr Berlusconi to gain an immediate quotation for his hitherto-unlisted publishing interests.

Once completed, Fininvest, which already owns most of Mondadori, is expected to float a minority of the capital in SBE-Mondadori to raise about L550bn ($340m) in order to lower its debts.

Separately, it is expected that Fininvest, which had total net debts of L3,333bn at the end of last year, will later this month issue its first comprehensive balance sheet.

The figures may provide additional ammunition in the battle between Mr Berlusconi and his critics over the size of the group's borrowings.

Silvio Berlusconi: deal paves way for stockmarket listing

Mondadori raised group sales by 9.8 per cent to L919bn in the first half of this year, from L837bn, while net profits amounted to L25.4bn. SBE's first-half sales were L184.8bn, while profits were L15.8bn.

Aggregate 1992 figures for the two companies show sales of L1,851bn and net profits of L50.9bn.

Shareholders in Mondadori will be offered one SBE ordinary share for every ordinary share held, while holders of Mondadori savings stock will receive three SBE ordinary shares for every four shares they own.

If all Mondadori shareholders accept the deal, Fininvest will own about 87.5 per cent of SBE, which will in turn wholly own Mondadori.

How much Fininvest will be able to raise by floating shares in SBE-Mondadori will depend on market conditions and the timing of the deal. Mr Berlusconi has indicated that the placing will occur before the end of this year and a substantial proportion of the shares are expected to be offered abroad.

Banca Commerciale Italiana and Goldman Sachs are advising on the transaction.

Sales fall at French groups

By Alice Rawsthorn

RHONE-POULENC, Michelin and Suez have underlined the financial pressures on French industry by announcing sharp falls in turnover for the first half of the year.

The reductions in interim sales reflect the general trend across the French corporate sector, which has been badly hit by the recession. Domestic difficulties were aggravated by the franc's strength during the first half of the year, which posed problems for French exporters.

Rhône-Poulenc, France's flagship chemicals company which was recently confirmed as one of the first candidates for privatisation, saw sales fall by 6 per cent to FFr40.03bn ($6.8bn) in the first six months of 1993, from FFr42.56bn in the same period of 1992.

Suez, the holding company with extensive interests across industry and finance which was privatised in the mid-1980s, reported a 1 per cent decline in interim turnover to FFr89.86bn this year from FFr90.51bn last year.

Michelin, the tyre maker struggling to rationalise in response to the slowdown in the international motor industry, suffered a more dramatic fall in sales, down 12 per cent to FFr30.61bn from FFr34.8bn over the same period.

Bouygues and Lafarge Coppée, two of France's leading construction companies, were also hit by sales declines. Bouygues, the building group, saw sales fall by 6 per cent to FFr28.1bn in the first half from FFr30.03bn in the same period of 1992, while Lafarge Coppée, the building materials group, saw a 5 per cent reduction in interim turnover to FFr14.28bn from FFr15.06bn.

A few large companies have managed to buck the downward trend. The L'Oréal cosmetics group saw sales rise by 7 per cent to FFr20.89bn in the first half of this year from FFr19.5bn last time. Lyonnaise des Eaux-Dumez, the utility and construction company, kept interim sales growth just above inflation with an increase of 4 per cent to FFr45.64bn from FFr43.86bn.

Wereldhave chairman resigns

By Ronald van de Krol in Amsterdam

WERELDHAVE, the second-largest property company in the Netherlands after Rodamco, said its managing board chairman Mr Meindert Kooistra was resigning.

The group cited differences of opinion with the supervisory board about company policy and structure.

Mr Gijs Verweij, the company's second board member, will assume his duties while a search is made for a new member of the board. At a later stage a decision will be taken on which of the two board members will become chairman, a company spokesman said.

He declined to be drawn on the reasons for Mr Kooistra's departure.

Wereldhave's shares did not react to news of the resignation, closing unchanged on the Amsterdam Stock Exchange at Fl111.20.

Mr Kooistra joined Wereldhave as its chairman in 1990 after the similarly abrupt departure of his predecessor, Mr Ouno Huskens, who had spearheaded the company's successful hostile takeover of Peachey Properties of the UK in 1988.

● Koninklijke Frans Maas, the Dutch road transport group, warned that its 1993 result would be worse than forecast, Reuter reports from Amsterdam.

Frans Maas had said in January that 1993 profits would be much lower than the Fl36.5m ($18.83m) posted in 1992.

The company said the recession in Europe would have a bigger impact on the turnover and results than was expected at the beginning of the year.

In January, Frans Maas, 32 per cent owned by KLM, said it expected profits to fall because of lower income from customs activities.

China Pepsi bottler posts strong advance

SHENZHEN Shenbao Industrial, the sole bottler of Pepsi-Cola in Shenzhen, China, reported that its net profits rose 133 per cent to Yn14.8m ($2.6m) for the first six months ended June 30, AP-DJ reports.

The directors of the company did not declare any interim dividend.

The company's sales advanced to 143.4m yuan from 128.5m last time, a rise of 12 per cent.

Management shake-up continues at Kodak

By Nikki Tait in New York

EASTMAN Kodak, the US photographic equipment group, has announced further moves among its senior executives, one week after independent directors ousted Mr Kay Whitmore as chairman.

Kodak's board said that it was appointing Mr Michael Hamilton as general comptroller of the group with effect from September 1, when Mr Julian Gordon retires.

Mr Hamilton will also continue to be the company's acting chief financial officer, a post he has held since May, when Mr Christopher Steffen quit after disagreeing with Mr Whitmore over Kodak's restructuring plans.

Kodak also announced the resignation of Mr Earnest Deavenport, president of the Eastman Chemical Company, as a Kodak director.

The company said the move was expected because of the previously-announced plan to spin off the chemicals arm.

Mr Deavenport, who will head the new independent company, joined the Kodak board in May 1992.

Refinancing for Reliance

RELIANCE Group, the US insurer, has filed offerings of 25m new common shares and $650m of debt as part of a refinancing, AP-DJ reports.

The proceeds will be used to repay the balance under the company's old credit facilities and all outstanding public debt. Reliance is also entering into a new credit facility as part of the plan.

The company plans to offer 20m common shares in the US and 5m shares in international markets.

Of the debt, $300m is to be senior notes and $350m senior subordinated debentures.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1993	Low 1993
Gold per troy oz.	$368.75	-7.75	$335.45	$405.75	$328.05
Silver Per troy oz	316.50p	+11.0	199.50p	362.50p	236.00p
Aluminium 99.7% (cash)	$1184.5	-16	$1299.5	$1240.00	$1108.00
Copper Grade A (cash)	$1943.0	-25.5	£1295	$2375.00	$1733.50
Lead(cash)	$385.5	-11.5	£328	$460.00	$376.50
Nickel (cash)	$4775	-85	$7250	$6340	$4770
Zinc SHG (cash)	$879.5	-2	$1336.5	$1112	$868.0
Tin (cash)	$4812.5	-51	$6795	$6047.5	$4812.5
Cocoa Futures (Dec)	£761	+7	£644	£767	£663
Coffee Futures (Nov)	$1122	+8	$723	$1128	$836
Sugar (LDP Raw)	$245.7	-15.5	$258.5	$317.4	$204.5
Barley Futures (Nov)	£103.45	+1.95	£112.75	£110.30	£101.50
Wheat Futures (Nov)	£106.70	+0.95	£115.55	£148.45	£105.75
Cotton Outlook A Index	54.60c	-1.00	58.95	62.35c	54.60c
Wool (64s Super)	361p	N/C	376p	403p	340p
Oil (Brent Blend)	$17.04x	+0.58	$20.05	$19.53	$16.46

Per tonne unless otherwise stated. p-pence/kg. c-cents lb. x-Sep

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)(Sep)		+ or -
Dubai	$14.75-4.83u	-0.14
Brent Blend (dated)	$16.87-6.91	+.055
Brent Blend (Sep)	$17.02-7.06	+.055
W.T.I (1 pm est)	$18.03-8.05u	+0.01
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$193-195	-1
Gas Oil	$162-163	
Heavy Fuel Oil	$61-62	
Naphtha	$159-161	+1
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$368.75	-4.75
Silver (per troy oz)♣	462c	-2
Platinum (per troy oz)	$385.00	-4.80
Palladium (per troy oz)	$137.75	-2.50
Copper (US Producer)	90.00c	
Lead (US Producer)	33.50c	
Tin (Kuala Lumpur market)	12.31m	-0.01
Tin (New York)	222.5c	-1.5
Zinc (US Prime Western)	62.00c	
Cattle (live weight)†	130.64p	-0.49*
Sheep (live weight)†♣	87.57p	-7.27*
Pigs (live weight)†	68.93p	-4.52*
London daily sugar (raw)	$245.70	-8.60
London daily sugar (white)	$288.30	+5.30
Tate and Lyle export price	£278.50	-5.00
Barley (English feed)	Unq	
Maize (US No. 3 yellow)	£169.5	
Wheat (US Dark Northern)	£147.0	
Rubber (Sep)▼	60.50p	
Rubber (Oct)▼	61.00p	
Rubber (KL RSS No 1 Jul)	209.5m	
Coconut oil (Philippines)§	$462.5v	+2.5
Palm Oil (Malaysian)§	$355.0t	
Copra (Philippines)§	$293	
Soyabeans (US)	£201u	-4
Cotton "A" index	54.60	-0.55
Wooltops (64s Super)	351p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. y-Jul. z-Aug.v-Sep/Oct u-Oct t-Oct/Dec x-Aug/Oct ▼London physical. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg. ♣Sheep prices are now live weight prices * change from a week ago, provisional prices.

SUGAR - LCE ($ per tonne)	Close	Previous	High/Low	
White				
Oct	258.00	257.30	258.50	255.00
Dec	255.50	255.20	257.80	256.00
Mar	259.00	257.80	259.00	256.00
May	258.20	259.20	258.20	
Aug	262.00	263.90	263.00	262.00

White 1497 (1219) Paris- White (FFr per tonne): Oct 1561.83

CRUDE OIL - IPE ($/barrel)	Latest	Previous	High/Low	
Sep	17.15	17.02	17.17	16.98
Oct	17.25	17.16	17.32	17.09
Nov	17.43	17.35	17.50	17.25
Dec	17.56	17.48	17.62	17.39
Jan	17.64	17.56	17.71	17.54
Feb	17.67	17.65	17.75	17.63
Mar	17.70	17.50		
May	18.00	17.83	18.00	
IPE Index	16.93	16.72		

Turnover 35908 (53262)

GAS OIL - IPE ($/tonne)	Close	Previous	High/Low	
Sep	162.50	161.75	163.50	161.75
Oct	165.00	164.00	168.50	164.00
Nov	167.00	166.25	168.50	166.25
Dec	169.00	168.00	171.00	169.00
Jan	170.50	169.00	172.00	169.00
Feb	170.75	169.25	171.75	169.50
Mar	168.50	168.75	169.00	161.50
Jun	164.00	163.00	164.50	163.00

Turnover 13475 (15736) lots of 100 tonnes

SPICES

The pepper market was very firm for both black and white, while the price difference between the two types was very large, reports Man Producten. Whites prices remained steady and were slowly moving still higher because of low production figures in the Far East. Blacks prices moved sharply higher from the middle of the week. Apparently the relatively cheap origins, India and Brazil became aware of very low output in Malaysia and Lampong. White muntok/sarawak f.a.q., spot, was quoted at $2,285 a tonne; with Jul/Aug delivery at $2,225, Aug/Sep $2,250; November/December $2,275, and Jan/Feb $2,290.

COCOA - LCE (£/tonne)	Close	Previous	High/Low	
Sep	743	742	745	738
Dec	761	762	764	756
Mar	777	777	780	774
May	786	786	790	784
Jul	796	795	800	795
Sep	806	805	805	
Dec	819	821	820	

Turnover: 3546 (4315) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Aug 12 735.84 (737.66) 10 day average for Aug 13747.56 (748.82)

COFFEE - LCE ($/tonne)	Close	Previous	High/Low	
Sep	1151	1145	1155	1100
Nov	1122	1125	1130	1085
Jan	1092	1101	1107	1087
Mar	1084	1081	1084	1060
May	1075	1074	1080	

Turnover 6675 (3253) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Aug 12Comp. daily 64.35 (64.43) 15 day average 64.80 (64.64)

POTATOES - LCE (£/tonne)	Close	Previous	High/Low	
Apr	80.0	83.3	82.5	78.5
May	89.5	93.5	90.0	

Turnover 176 (177) lots of 20 tonnes.

SOYAMEAL - LCE (£/tonne)	Close	Previous	High/Low
Oct	172.00	172.00	

Turnover 0 (215) lots of 20 tonnes.

FREIGHT - LCE ($10/index point)	Close	Previous	High/Low	
Aug	1423	1404	1420	1415
Sep	1475	1456	1470	1455
Oct	1505	1485	1505	1490
Nov	1520	1505	1520	1515
Jan	1520	1513	1530	1517
BFI	1356	1349		

Turnover 187 (270)

GRAINS - LCE (£/tonne)	Close	Previous	High/Low	
Wheat				
Sep	104.75	105.15	104.60	
Nov	106.70	107.00	107.00	106.50
Jan	108.50	108.25	108.50	108.25
Mar	110.50	110.25	110.50	110.25
May	112.50		112.50	
Barley				
Sep	100.40	99.75	100.40	100.20
Nov	103.45	102.90	103.55	103.20
May	108.25		108.25	

Turnover: Wheat 125 (264) Barley 130 (74).
Turnover lots of 100 Tonnes

PIGS - LCE (Cash Settlement) p/kg	Close	Previous	High/Low
Aug	98.5		98.0

Turnover 4 (1)lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 39,820 lots
Cash	1184-5	1176-7		1175-6		
3 months	1207-7.5	1199-200	1212/1198	1198-8.5	1205-6	240,796 lots
Copper, Grade A ($ per tonne)						Total daily turnover 49,680 lots
Cash	1942-4	1941-3	1941/1936	1937-8		
3 months	1902-4	1897-8	1909/1902	1901-2	1901-2	206,010 lots
Lead ($ per tonne)						Total daily turnover 4,171 lots
Cash	385-6	387.5-8.5	387	386.5-7		
3 months	398-8.5	400-1	402/397.5	399-400	397.5-8	25,006 lots
Nickel ($ per tonne)						Total daily turnover 6,941 lots
Cash	4770-80	4765-75	4775/4772	4770-2		
3 months	4825-30	4820-30	4835/4815	4815-20	4825-30	46,006 lots
Tin ($ per tonne)						Total daily turnover 1,252 lots
Cash	4810-5	4830-5	4835	4830-5		
3 months	4860-5	4880-5	4890/4850	4885-90	4860-5	10,869 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 14,863 lots
Cash	873-80	872.5-3.5	879	870-0.5		
3 months	889-90	888-8.5	892/885	885-5.5	888-9	79,011 lots

LME Closing £/$ rate: SPOT: 1.4590 3 months: 1.4487 6 months: 1.4430 9 months: 1.4375

Copper and lead prices are now expressed in dollars per tonne

LONDON BULLION MARKET (Prices supplied by N M Rothschild)		
Gold (troy oz)	**$ price**	**£ equivalent**
Close	368.50-369.00	
Opening	369.80-370.30	
Morning fix	370.45	252.864
Afternoon fix	367.60	251.007
Day's high	370.30-370.80	
Day's low	367.00-367.50	

Loco Ldn Mean Gold Lending Rates (Vs US$)			
1 month	2.56	6 months	2.60
2 months	2.56	12 months	2.64
3 months	2.57		

Silver fix	p/troy oz	US cts equiv
Spot	459.25	312.50
3 months	462.65	316.85
6 months	466.75	321.15
12 months	474.85	328.95

GOLD COINS	$ price	£ equivalent
Krugerrand	370.00-373.00	252.00-254.00
Maple leaf	379.20-381.60	-
New Sovereign	87.50-90.50	59.00-61.00

TRADED OPTIONS	Calls		Puts	
Aluminium (99.7%) Strike price $ tonne	Sep	Dec	Sep	Dec
1175	26	60	8	20
1200	13	45	20	29
1225	5	33	37	42
Copper (Grade A)				
1900	60	72	14	73
1950	30	51	34	101
2000	13	35	86	134
Coffee	Sep	Nov	Sep	Nov
1150	25	80	24	88
1200	8	43	57	121
1250	2	30	101	158
Cocoa	Sep	Dec	Sep	Dec
725	22	57	4	21
750	7	42	14	31
775	2	31	34	45
Brent Crude	Sep	Oct	Sep	Oct
1700	2	49	-	31
1750	-	26	-	57
1800	-	14	-	-

New York

GOLD 100 troy oz.; $/troy oz.	Close	Previous	High/Low	
Aug	369.3	367.4	369.5	367.5
Sep	369.8	367.8	369.3	369.3
Oct	370.7	368.6	371.0	368.0
Dec	372.6	370.7	373.0	369.3
Feb	374.5	372.7	374.6	372.0
Apr	376.2	374.5	375.4	374.5
Jun	378.0	376.3	378.0	376.5
Aug	379.8	378.1	379.0	378.5
Oct	381.8	379.9	0	0

PLATINUM 50 troy oz; $/troy oz.	Close	Previous	High/Low	
Aug	385.6	386.5	0	0
Oct	386.6	387.8	388.5	381.0
Jan	387.8	388.2	388.2	382.0
Apr	389.1	389.2	0	0
Jul	389.6	390.0	0	0

SILVER 5,000 troy oz; cents/troy oz.	Close	Previous	High/Low	
Aug	461.3	455.0	459.5	454.0
Sep	462.0	455.8	463.5	469.0
Oct	463.4	457.2	0	0
Dec	466.5	460.5	468.5	458.0
Jan	466.9	460.9	0	0
Mar	471.4	465.4	473.0	462.0
May	474.3	468.8	0	0
Jul	477.9	471.8	476.0	474.0
Sep	481.4	475.4	475.0	476.0
Dec	486.6	480.6	485.0	475.0

HIGH GRADE COPPER 25,000 lbs; cents/lbs	Close	Previous	High/Low	
Aug	84.10	84.30	84.10	83.70
Sep	83.85	84.45	84.45	83.70
Oct	83.95	84.55	84.20	83.80
Nov	84.05	84.60	0	0
Dec	84.15	84.70	84.70	84.00
Jan	84.35	84.95	0	0
Feb	84.55	85.20	0	0
Mar	84.80	85.45	85.20	84.85
Apr	85.00	85.60	0	0
May	85.25	85.80	85.50	85.50

CRUDE OIL (Light) 42,000 US galls $/barrel	Latest	Previous	High/Low	
Sep	18.19	18.18	18.32	18.01
Oct	18.58	18.53	18.68	18.41
Nov	18.79	18.77	18.89	18.65
Dec	18.94	18.93	19.03	18.82
Jan	19.07	19.07	19.14	18.95
Feb	19.08	19.16	19.24	19.08
Mar	19.22	19.27	19.34	19.16
Apr	19.21	19.34	19.39	19.21
May	19.40	19.41	19.46	19.30
Jun	19.43	19.47	19.52	19.57

HEATING OIL 42,000 US galls, cents/US galls	Latest	Previous	High/Low	
Sep	53.20	52.75	53.45	52.25
Oct	54.20	53.70	54.40	53.30
Nov	55.15	54.75	55.40	54.45
Dec	56.10	55.75	56.35	55.30
Jan	56.60	56.30	56.95	56.30
Feb	57.00	56.75	57.10	56.60
Mar	56.30	56.05	56.50	55.50
Apr	54.85	54.95	0	0
May	54.15	54.15	0	0
Jun	53.70	53.65	54.00	53.70

COCOA 10 tonnes;$/tonnes	Close	Previous	High/Low	
Sep	927	910	934	899
Dec	975	958	983	946
Mar	1005	991	1016	981
May	1026	1009	1026	1000
Jul	1043	1029	1026	1020
Sep	1063	1049	1048	1048
Dec	1091	1077	1096	1066
Mar	1114	1100	0	0
May	1132	1116	0	0

COFFEE "C" 37,500lbs; cents/lbs	Close	Previous	High/Low	
Sep	69.10	69.60	69.70	68.25
Dec	72.00	72.45	72.60	69.50
Mar	74.25	74.65	74.65	71.65
May	75.25	76.00	75.20	73.60
Jul	77.25	77.00	76.50	75.45
Sep	79.85	78.65	78.50	78.50
Dec	82.50	84.00	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs	Close	Previous	High/Low	
Oct	9.37	9.18	9.38	9.17
Mar	9.47	9.37	9.48	9.35
May	9.58	9.34	9.60	9.46
Jul	9.63	9.57	9.66	9.60
Oct	9.64	9.65	9.70	9.65

COTTON 50,000 lbs; cents/lbs	Close	Previous	High/Low	
Oct	54.84	53.92	54.90	53.95
Dec	55.98	55.22	56.03	55.20
Mar	57.59	56.80	57.59	56.85
May	58.49	57.61	58.49	57.55
Jul	59.35	58.22	59.35	58.35
Oct	60.09	59.48	0	0
Dec	60.25	59.68	60.25	59.90

ORANGE JUICE 15,000 lbs; cents/lbs	Close	Previous	High/Low	
Sep	116.55	116.25	117.90	115.75
Nov	119.85	119.20	120.65	118.95
Jan	121.05	121.00	122.50	121.00
Mar	122.70	123.00	123.70	122.10
May	123.70	123.50	0	0
Jul	123.70	123.50	124.00	124.00
Sep	121.70	121.50	0	0
Nov	121.70	121.50	0	0
Jan	121.70	121.50	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)	Aug 13	Aug 12	mnth ago	yr ago
	1623.0	1629.9	1703.5	1322.5

DOW JONES (Base: Dec. 31 1974 = 100)	Aug 12	Aug 11	mnth ago	yr ago
Spot	122.88	123.87	122.71	115.32
Futures	124.65	126.03	126.25	114.57

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel	Close	Previous	High/Low	
Aug	663/0	655/0	663/0	652/0
Sep	655/6	654/0	662/0	652/4
Nov	654/0	656/0	662/0	651/4
Jan	658/2	660/4	666/4	655/4
Mar	662/2	663/4	669/0	659/4
May	663/2	665/4	670/0	661/0
Jul	663/6	668/6	671/0	661/0

SOYABEAN OIL 60,000 lbs; cents/lb	Close	Previous	High/Low	
Aug	23.20	23.16	23.22	23.00
Sep	23.24	23.17	23.30	23.00
Oct	23.34	23.30	23.43	23.12
Dec	23.56	23.49	23.64	23.32
Jan	23.66	23.59	23.73	23.53
Mar	23.82	23.73	23.89	23.63
May	23.92	23.78	23.95	23.71
Jul	23.92	23.80	23.92	23.80

SOYABEAN MEAL 100 tons; $/ton	Close	Previous	High/Low	
Aug	214.4	213.8	215.0	212.5
Sep	211.1	210.6	212.2	209.8
Oct	208.6	209.9	211.0	208.2
Dec	208.2	209.4	211.0	207.3
Jan	207.5	209.0	210.0	206.7
Mar	206.3	208.5	209.5	206.0
May	206.5	208.3	208.5	205.5
Jul	204.4	207.5	206.5	204.0

MAIZE 5,000 bu min; cents/56lb bushel	Close	Previous	High/Low	
Sep	238/6	237/6	240/6	237/2
Dec	244/2	244/2	246/6	243/2
Mar	251/0	251/2	253/4	250/2
May	255/0	256/2	258/2	255/0
Jul	256/2	258/2	260/2	256/0

WHEAT 5,000 bu min; cents/60lb-bushel	Close	Previous	High/Low	
Sep	307/0	306/0	308/6	303/6
Dec	315/0	311/4	316/0	311/0
Mar	317/4	314/4	318/4	313/4
May	310/6	308/0	312/4	306/4
Jul	299/0	298/4	301/0	298/4
Sep	302/0	303/0	303/4	302/6

LIVE CATTLE 40,000 lbs; cents/lbs	Close	Previous	High/Low	
Aug	74.750	75.625	75.560	74.625
Oct	74.375	75.225	75.025	74.200
Dec	75.125	75.600	75.550	74.950
Feb	75.575	75.925	75.850	75.425
Apr	76.575	76.875	76.950	75.575
Jun	73.325	73.600	73.650	73.300

LIVE HOGS 40,000 lb; cents/lbs	Close	Previous	High/Low	
Aug	50.050	49.450	50.125	48.400
Oct	45.500	45.550	45.800	45.300
Dec	45.450	45.375	45.700	45.150
Feb	45.150	45.225	45.525	45.050
Apr	43.900	44.050	44.100	43.850
Jun	49.050	49.025	49.150	49.000
Jul	48.400	48.150	48.550	48.350

PORK BELLIES 40,000 lbs; cents/lb	Close	Previous	High/Low	
Aug	43.225	41.700	43.850	42.100
Feb	49.075	48.175	49.250	48.350
Mar	48.400	47.875	48.900	48.000
May	49.100	48.500	49.500	49.100
Jul	50.450	49.950	50.450	0

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Franc and krone fall again

The French franc and Danish krone fell close to historic lows against the D-Mark in the exchange rate mechanism yesterday as dealers took the view that their policy of keeping short term interest rates high would not work, *writes James Blitz.*

France negative reserves position continued to work against the franc's favour yesterday because dealers believe that the French authorities must huy D-Marks to rebuild reserves and repay the Bundesbank for its support defending the currency in the ERM.

Mr Edouard Balladur's strong hint on French tv on Thursday night that French rates would remain high did not help the currency. Nor, too, did his suggestion that France was seeking ways of controlling currency speculation: one analyst anggested yesterday that this might be enough to enconrage some major players to hedge their bond axposures.

The franc therefore closed at FFr3.538 from a previous FFr3.514. Mr Jim O'Neill, head of research at Swiss Banking Corporation, believes that the franc is heading for FFr3.60 in the next few weeks. "If France does not reduce rates, it could go lower," he said.

The rest of Europe was dominated by D-Mark strength. The Danish krone fell sharply to a low of DKr4.1400 against the German currency, having been at DKr4.1200 at the start of tha day. Even the Dutch guilder came under attack at one stage; dealers have at various stages this waek wondered about the credibility of the more closely tied currencies in Europe. At the close of ERM trading yesterday, there were some 8.43 percentage points dividing the strongest and weakest ERM currencies.

The yen was, again, the other source of interest touching a new high of Y101.80 in Europe, before closing at Y102.20. The Bank of Japan intervened again in the currency markat. But the Japanese currency was boosted hy comments from Mr Walter Mondale, the new US ambassador to Tokyo, who said that reduction of the trade deficit with Japan was ona of his highest priorities.

Many dealers are convinced that the currency will hreak the Y100 level soon, although there are expectations that the new Japanase govarnment could order a cut in the Official Discount Rate at its cabinet meeting on Thursday.

Sterling fell back sharply on all fronts yesterday, partly hindered by D-Mark strength but also hy perceptions that the UK's economic data earlier this week were worse than expected. there is hullish talk in UK money markets about a near-term cut in base rates. The pound closed at DM2.4975, down 2 pfennigs on the day.

£ IN NEW YORK

Aug 13	Latest	Previous Close
£ Spot	1.4570-1.4580	1.4658 1.4668
1 month	0.38-0.35pm	9.35 0.34pm
3 months	9.98-0.98pm	0.97 0.95pm
12 months	2.63-2.55pm	2.67 2.60pm

Forward premiums and discounts apply to the US dollar

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Aug 13	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator‡
Dutch Guilder	2.19672	2.15328	-1.98	8.64	-
D-Mark	1.94964	1.91125	-1.97	8.63	-
Irish Punt	0.808628	0.819027	1.29	5.14	-4
Belgian Franc	40.2123	40.8872	1.68	4.73	-12
Portuguese Escudo	192.854	196.576	1.93	4.47	-13
Spanish Peseta	154.250	158.534	2.78	3.61	-19
French Franc	6.53883	6.76287	3.43	2.96	-29
Danish Krone	7.43679	7.91943	0.49	0.00	-44

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
‡Indicative values only. Divergence indicators are based on 15% band limitations but do not show the 2.25% band between the Dutch Guilder and D-Mark.

POUND SPOT - FORWARD AGAINST THE POUND

Aug 13	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.4560 - 1.4695	1.4590 - 1.4600	0.36-0.34cpm	2.88	0.90-0.96pm	2.67
Canada	1.9135 - 1.9300	1.9150 - 1.9160	0.19-0.06cpm	0.78	0.51-0.25pm	0.79
Netherlands	2.8075 - 2.8335	2.8075 - 2.8175	¼-¾cdis	-1.33	¼-½dis	-0.53
Belgium	53.25 - 53.95	53.30 - 53.40	20-31cdis	-5.74	40-56dis	-3.67
Denmark	10.3165 - 10.4205	10.3175 - 10.3275	5⅛-7⅞oredis	-7.56	12⅞-16⅞dis	-5.67
Ireland	1.0690 - 1.0795	1.0720 - 1.0730	0.08-0.12cdis	-1.12	0.19-0.28dis	-0.88

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.4595	1.4560	1.4498	1.4432	1.4332
D-mark	2.4975	2.4994	2.5020	2.5064	2.5092
French Fr	8.8375	8.8463	8.8622	8.9436	8.8425
Swiss Fr	2.2275	2.2254	2.2208	2.2155	2.2090
Yen	149.25	148.93	148.17	147.22	145.49

EXCHANGE CROSS RATES

	£	$	DM	YEN	F Fr.	S Fr.	N Fl.
£	1	1.460	2.498	149.3	8.838	2.228	2.813
$	0.685	1	1.711	102.3	6.053	1.526	1.927
DM	0.400	0.584	1	59.77	3.538	0.892	1.126
YEN	6.698	9.779	16.73	1000.	59.20	14.92	18.84
F Fr.	1.131	1.652	2.826	168.9	10.	2.521	3.183
S Fr.	0.449	0.655	1.121	67.01	3.967	1	1.263
N Fl.	0.355	0.519	0.888	53.08	3.142	0.792	1
Lira	0.422	0.616	1.054	63.00	3.729	0.940	1.187
C $	0.522	0.762	1.304	77.92	4.613	1.163	1.468
B Fr.	1.874	2.737	4.682	279.9	16.57	4.178	5.273
Pta	0.482	0.704	1.204	71.95	4.258	1.074	1.356
Ecu	0.763	1.115	1.907	114.0	6.747	1.701	2.147

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100: Peseta per 100.

MONEY MARKETS

French rates up

FRENCH franc interest rate futures fell back sharply yesterday amid new sign that the Bank of France intends to keep its short term money market rates high, *writes James Blitz.*

On Thursday night, Mr Edouard Balladur, the French prime minister, reaffirmed the French government's policy of keeping France's short term interest rates at their current levels to support the franc's value against the D-Mark.

UK clearing bank base lending rate
6 per cent
from January 26, 1993

Asked if he would cut interest rates, Mr Balladur said: "They have started to come down, but what counts first and above all is to fight inflation, fight the budget deficit, ensure growth...Lower interest rates will come to us as a bonus."

That view led to a sharp rise in French cash market rates yesterday, while the futures fell back in the belief that 3-month interest rates will still be around the 7 per cent level in a month's time.

The September French franc contract dropped 42 basis points to close at 93.46 while the December contract dropped 26 basis points to close at 94.42.

French 3-month money rose sharply as the franc came under pressure against the D-Mark, closing at 8 per cent, having been at 7.80 per cent earlier in the day. Tha overnight rate of lending was at about 9.75 per cent towards the end of the day.

In Germany, by contrast, events were thinner on the ground. The Septamber shot sterling contract rose only 1 basis point on the day to close at 93.53. German call money was slightly easier at between 6.65 and 6.80 per cent in the wake of tha Bundesbank's injection of liquidity earlier this week.

Sterling interest rate futures continued to reflect some hullishness about a near term cut in UK rates, despite the pound's sharp fall against the D-Mark on the foreign exchanges.

The September contract was up 1 basis point at 9.28, while the Decemher contract was unchanged at 94.73. One London dealer found it extraordinary that the market was sticking to estahliehed levels for the Septemher contract while the pound was under pressure. "he chances of a rate cut now, with European rates high and the pound sinking is zero," he said.

Three month money, hy contrast, rose from 5.75 per cent to about 5.87 per cent on the bid side yesterday. A £1.6hn daily shortage waa easily despatched.

FINANCIAL FUTURES AND OPTIONS

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls September	Calls December	Calls March	Puts September	Puts December	Puts March
118	3.55	-	-	-	0.23	-
120	2.55	-	-	-	0.38	-
121	1.60	1.81	-	0.03	0.65	-
122	0.72	1.23	-	0.13	1.03	-
123	0.17	0.76	-	0.62	-	-
Open Int	111,247	117,016	22,285	224,479	100,338	15,983

Estimated volume 26,029 † Total Open Interest 591,348
† All Yield & Open Interest figures are for the previous day.

BANK RETURN

BANKING DEPARTMENT	Wednesday August 11, 1993		Increase or decrease for week
LIABILITIES	£		£
Capital	14,553,000		
Public Deposits	3,565,193,839	+	638,337,644
Bankers Deposits	1,697,472,787	-	1,807,510
Reserve and other Accounts	3,332,845,408	-	321,909,600
	8,610,065,034	+	314,620,634
ASSETS			
Government Securities	1,388,452,132	+	56,675,000
Advance and other Accounts	5,805,850,424	-	134,377,429
Premises Equipment & other Secs	1,409,984,862	+	391,560,384
Notes	5,556,538	+	754,060
Coin	221,078	+	6,619
	8,610,065,034	+	314,620,634
ISSUE DEPARTMENT			
LIABILITIES			
Notes in circulation	17,204,443,462	-	20,754,060
Notes in Banking Department	5,556,538	+	754,060
	17,210,000,000	-	20,000,000
ASSETS			
Government Debt	11,015,100		
Other Government Securities	7,850,290,842	+	1,383,796,848
Other Securities	9,348,694,058	-	1,383,796,848
	17,210,000,000	-	20,000,000

BASE LENDING RATES

	%		%		%
Adam & Company	6	Cyprus Popular Bank	6	Mount Banking	6
Allied Trust Bank	6	Duncan Lawrie	6	NatWestminster	6
AIB Bank	6	Equatorial Bank plc	6	Nykredit Mortgage Bnk	6.5
●Henry Ansbacher	6	Exeter Bank Limited	7	●Rea Brothers	6
B & C Merchant Bank	13	Financial & Gen Bank	7	Roxburghe Bank Ltd	6
Bank of Baroda	6	●Robert Fleming & Co	6	Royal Bk of Scotland	6
Banco Bilbao Vizcaya	6	Girobank	6	●Smith & Williamson Secs	6
Bank of Cyprus	6	●Guinness Mahon	6	Standard Chartered	6
Bank of Ireland	6	Habib Bank AG Zurich	6	TSB	6
Bank of India	6	●Hambros Bank	6	●United Bk of Kuwait	6
Bank of Scotland	6	Heritable & Gen Inv Bk	6	Unity Trust Bank Plc	6
Barclays Bank	6	●Hill Samuel	6	Western Trust	6
Brit Bk of Mid East	6	C. Hoare & Co	6	Whiteaway Laidlaw	6
●Brown Shipley	6	Hongkong & Shanghai	6	Wimbledon & Sth West	7
CL Bank Nederland	6	Julian Hodge Bank	6	Yorkshire Bank	6
Citibank NA	6	●Leopold Joseph & Sons	6		
City Merchants Bank	6	Lloyds Bank	6		
Clydesdale Bank	6	Meghraj Bank Ltd	6		
The Co-operative Bank	6	McDonnell Douglas Bk	6		
Coutts & Co	6	Midland Bank	6		
Credit Lyonnais	6				

● Members of British Merchant Banking & Securities Houses Association

MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ф Bargains done the previous day.

British Funds, etc

Treasury 13¾% Stk 2000/03 - £135⅞
Exchequer 10½% Stk 2005 - £124⅞

Corporation and County Stocks

London County 2½% Cons Stk 1920(or after) - £26½ф
Birmingham District Council 11½% Red Stk 2012 - £124 (11Au93)

UK Public Boards

Foreign Stocks, Bonds, etc-(coupons payable in London)

National & Provincial Bldg Society 10¾% Subord Bds 2006/11 - £116⅛ ½
National Westminster Bank PLC 11½% Und-SubNts £1000(Cnv to Prf)Reg - £120¼ 2¼
National Westminster Bank PLC 11½% Und-SubNts £1000(Cnv to Prf)Br - £121¼ 2 ½
National Westminster Bank PLC Gtd FR Cap Nts 2005(Br$10000) - $96⅛ 96½ (6Au93)
Nationwide Building Society 11¼% Nts 1997 (Br £5000 & 100000) - £116⅞ (11Au93)
Nationwide Building Society 13.5% Subord Nts 2000 (Br £10000) - £126⅞ (9Au93)
Nippon Telegraph and Telephone Corp6¼% Nts 1997 (Br $ Var) - $104⅜ (10Au93)

Land Securities PLC 8¾% Cnv Bds 2002(Br£1000) - £105
Land Securities PLC 8⅜% Cnv Bds 2004 (Br£5000&50000) - £118 ½ (11Au93)
Lasmo PLC 9½% Nts 1999 (Br £ Var) - £105⅞ (10Au93)
Leeds Permanent Building Society 11½% Nts 1998 (Br £5000&100000) - £111 ⅞ (10Au93)
Lewis (John) PLC 10¾% Bds 2006(Br£1000&10000) - £114¾ 5⅛ (9Au93)
London Electricity PLC 8% Bds 2003 (Br £ Var) - £103⅞ (10Au93)
Matsushita Electric Inds Co Ld 7¼% Bds 1/8/2002 (Reg $1000) - $106⅛ (9Au93)
National Grid Co PLC 7⅜% Bds 1998 (Br £ Var) - £102¾ .95
National & Provincial Bldg Society 10% Nts 1997 (Br £Var) - £107.87ф

Corporation Stocks - Foreign

Sterling Issues by Overseas Borrowers

Listed Companies(excluding Investment Trusts)

Aegis Group PLC 55% Cnv Cum Red Prf 1999 10p - 37 (9Au93)
Aetna Malaysian Growth Fund(Cayman)Ld Ord $0.01 - $10.6 10.7 (10Au93)
Aetna Malaysian Growth Fund(Cayman)Warrants to sub for Ord - $0.95 0.97 1 (10Au93)
Airflow Streamlines PLC 10% Cum Prf £1 - 112 (10Au93)
Albert Fisher Group PLC ADR (10:1) - $9.64
Alexander & Alexander Services Inc Shs of Class C Com Stk $1 - £16¾ (11Au93)
Alexon Group PLC 6.25p (Net) Cnv Cum Red Prf 10p - 69
Allied London Properties PLC 10¾% 1st Mtg Deb Stk 2025 - £120⅞ 1½
Allied-Lyons PLC ADR (1:1) - $8.7 (11Au93)
Allied-Lyons PLC 5½% Cum Prf £1 - 80 (11Au93)

FT-SE ACTUARIES INDICES

The FT-SE 100, FT-SE Mid 250 and FT-SE Actuaries 350 indices and the FT-SE Actuaries Industry Baskets are calculated by The International Stock Exchange of the United Kingdom and Republic of Ireland Limited.

The FT-Actuaries All-Share Index is calculated by The Financial Times Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries.

The FT-SE 100, FT-SE Mid 250 and FT-SE Actuaries 350 indices, the FT-SE Actuaries Industry Baskets and the FT-Actuaries All-Share Index are members of the FT-SE Actuaries Share Indices series which are calculated in accordance with a standard set of ground rules established by The Financial Times Limited and London Stock Exchange in conjunction with the Institute of Actuaries and the Faculty of Actuaries.

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Investment Trusts

Rule 535(2)

USM Appendix

LONDON STOCK EXCHANGE

Account closes with new all-time high

By Terry Byland,
UK Stock Market Editor

GOOD NEWS from the gilt-edged market gave a final boost to equities yesterday, enabling the FT-SE Index to end the trading account at a new peak and solidly above the 3,000 level, which had been twice lost earlier in the session. Government bonds, also easier at first, turned sharply higher in late trading after the Bank of England said it would not hold the conventional auction of bonds this month.

Equity chart analysts found particular satisfaction in the Footsie's success in closing above 3,000 again, despite the expected end-of-account profit taking. At last night's final reading of 3,010.1, the Footsie showed a gain of 1 point on the day and 40.3 on the week. Preoccupied with its own affairs, London paid little heed to the gain of 3 points on the Dow Industrial Average in early New York trading.

Over the account, the Footsie Index has put on 83.6 points, or 2.9 per cent, as confidence that UK base rates will be cut soon has been stimulated by reductions in interest rates by the French authorities.

The FT-SE Mid 250 Index, covering a range of second line stocks, rallied from early falls yesterday to gain 3.7 to 3,455.5, maintaining its unbroken run of daily gains which now stretches back to July 21.

At the long end of the gilt-edged market, prices recouped early losses of ⅜ or so and were already firmer when the Bank of England announcement brought final gains of nearly a full point.

Short dates shaded easier on the belief that rate cuts may have to wait until the autumn, while index-linked gilts indicated underlying concerns over inflation by gaining about ½ point. Seaq volume in equities remained high at 753.8m shares. Trading in non-Footsie stocks made up about 63 per cent of the day's total, indicating once again the presence of the private investor in the equity market this week.

On Thursday, Seaq volume of 908.2m shares represented £2.18bn in retail worth, the highest daily figure this year.

High equity turnover implies high profits for the London-based securities houses, and has been reflected in the strength of merchant banking issues which have substantially outperformed the rest of the market over the past 12 months.

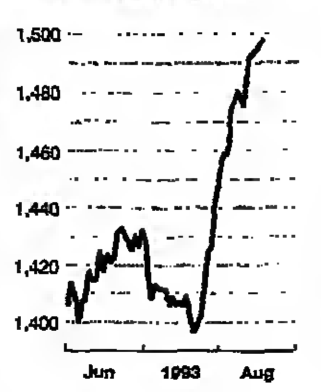
Good trading news from Unilever cheered the stock market yesterday, although there was some concern over progress in the US.

Account Dealing Dates

*First Dealings:	Aug 2	Aug 16	Sep 6
Option Declarations:	Aug 12	Sep 2	Sep 16
Last Dealings:	Aug 13	Sep 3	Sep 17
Account Day:	Aug 23	Sep 13	Sep 27

*New time dealings may take place from two business days earlier.

FT-A All-Share Index



Yields boost for waters

WATER stocks surged as investors decided that their recent underperformance had been overdone and the yield qualities looked attractive. At the same time, the sector ignored the clouds cast over some other utilities by the Monopolies and Mergers Commission report into British Gas due on Tuesday.

UBS was said to be prominent, according to dealers, in pointing out the relative cheapness of the water stocks. The sector has lagged behind on regulatory concerns, as the rest of the market has rushed ahead. From the beginning of July to mid-August, waters underperformed the market by 3 per cent, according to Mr Robert Miller-Bakewell at NatWest Securities. "Having fallen behind, they're doing some catching up, but we are still feeling cautious ahead of Tuesday," he said.

Utility analysts are concerned that the MMC's decision on what the rate of returns allowable by Gas should be will be followed by the water and electricity regulators. In the case of the water stocks, analysts said there was some correlation between the Gas pipeline return to be decided on Tuesday and the water companies infrastructure. "Anything below 4.5 per cent will be bad for waters," said one specialist.

All the stocks showed hefty gains. Among these, Anglian jumped 15 to 510p, Thames 13 to 520p and Yorkshire 14 to 530p.

British Gas edged 4 ahead to 332½p. A rally by the Recs saw most stay in positive territory by the end of the session.

Unilever steady

Food and toiletries giant Unilever produced figures at the top end of expectations and the shares appreciated 10 to 986p. However, hopes that the figures might herald a turnaround in the group's and food manufacturing sector's fortunes were largely disappointed as Unilever reported continuing tough trading conditions in the North American detergent market and little upturn throughout its European operations. Most gains were made in emerging markets.

Unilever shares have been badly hit by worries over the fate of its brands as some of the world's top branded goods producers have been forced to cut prices this year in response to cheaper alternatives. Low food price inflation has also dragged the stock and the sector lower.

One analyst said he remained cautious over any recovery in the sector's share prices, though he admitted that Unilever's low rating – the stock has underperformed the market by 23 per cent in the past 12 months – made it look attractive as a longer-term recovery play.

Mr Carl Short, food manufacturing analyst at Strauss Turnbull, went further. "This is a good set of results which should go some way to restoring the market's confidence in the underlying strengths of Unilever," he said. "In a nutshell: brands bite back."

There was further evidence of a change in sentiment in food retailing stocks as another two stockbroking firms turned positive on the sector. Dealers said that Henderson Crosthwaite had issued a buy note on three of the sector's leading stocks, arguing that the ratings had fallen too far.

UBS was also said to be preparing to launch a "buy" note early next week in which the broker will argue that the sector looks oversold and that the potential for any further downside is severely limited. Yesterday, Argyll showed some signs of recovery, adding 2 to 327p. Albert Fisher gained 4 to 73p, Kwik Save 4 to 682p and J Sainsbury 3½ to 484½p.

Food manufacturing stocks, chased up this week on yield considerations, ran into a bout of profit-taking. Booker, off 3, recovered to close unchanged at 443p. Dalgety lost 6 to 488p and Hillsdown a penny to 161p. Elsewhere, Unilever's performance was matched only by United Biscuits, up 4 at 379p. Unigate retreated 8 to 391p and Tate and Lyle 5 to 393p.

Tour operator Airtours gained 3 to 378p after Canadian-owned rival Thomson reported good summer results and healthy pre-booking for next summer.

Leisure analysts expect a crucial week ahead as the rival camps unveil their brochures and prices which should indicate the potential for discounting.

Standard Chartered continued its impressive rally after Thursday's results. The shares closed 18 up at 967p. Profit-takers were at work on Barclays which has enjoyed a firm run after its recent figures. The shares slipped 7 to 494p.

The share price of Medeva tumbled 11½ to 95½p in late trading on news that a lawsuit had started in the US against the management regarding statements on the company's business prospects. Analysts said such actions were not uncommon in the US after large falls in shares.

Wellcome shed 14 to 641p on US health cut worries. Smith & Nephew, manufacturer of medical and consumer healthcare products, lost 1 to 143½ in record daily turnover of 18m shares after negative comments from analysts on its interim figures. NatWest Securities said the combination of modest earnings growth coupled with high risk continued to warrant a reduction in overweight holdings.

Credit Lyonnais Laing issued a note saying that British Land continued to offer the highest dividend growth prospects, pushing its share price up 4 to 370p, before settling down to the opening 366p. Land Security, which appreciated 14 to 674p, and Brixton Estate, which fell 3 to 237p, were the only other property leaders the securities house expected to increase dividends.

MARKET REPORTERS:
Christopher Price, Zhang Tingting.

■ Other statistics, Page 9

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change
ASDA Group†	16,000	61¼		Dalgety	707	488	-6	MB Caradon†	1,200	287	-4	Siebe†	433	549	-1
Abbey National†	4,000	405	-4	De La Rue†	323	889	+1	MEPC	1,500	486	+5	Slough Ests.	1,600	238	+1
Albert Fisher	3,200	73	+4	Dixons	1,300	227		MFI	2,900	141	-1	Smith (W.H.) A	539	472	+5
Allied-Lyons†	2,000	593	-7	Eastern Elect.	396	525	-3	Manweb	114	567	+5	Smith & Nephew†	18,000	143½	-1½
Anglian Water†	1,000	510	+15	East Midland Elect.	574	511	+5	Marks & Spencer†	2,500	368½	-½	SmithKline Beecham†	3,000	431	-4½
Argos	1,100	338	+1	Eng China Clays	373	462	-5	Midlands Elect.	156	538	+4	SmithKline Beecham Uts.†	1,200	381½	-2½
Argyll Group†	7,400	327	+2	Enterprise Oil†	2,800	429	-10	Morrison (Wm.)	1,200	153	+½	Smiths Inds.	1,000	373	+1
Arjo Wiggins†	1,600	202	-1	Eurotunnel Units	167	488		NFC†	1,800	231	+2	Southern Elect.	317	538	+5
Assoc. Brit. Foods†	228	508	+9	FKI	3,800	154	-1	NatWest Bank†	5,800	479½	-3½	South Wales Elect.	202	585	+3
Assoc. Brit. Ports	468	456	-8	Fisons	3,600	170	-1	National Power†	2,100	358	-2	South West Water	971	541	+10
BAA†	1,600	781	-14	Foreign & Col. IT	1,800	253	+2	Next	1,100	201		South West. Elect.	738	525	+4
BAT Inds.†	2,200	465	+1	Forte†	1,900	233	+2	North West Water†	2,000	512	+15	Southern Water	535	547	+13
BET	1,100	120¼	-2	Gen. Accident†	1,200	690	+10	Northern Elect.	73	569	+7	Standard Chartd.†	3,000	967	+18
BICC	1,200	413	-11	General Elect.†	3,600	351	-4½	Northern Foods†	4,200	275	+1	Storehouse	2,400	226	+1
BOC†	2,400	634	-10	Glaxo†	7,500	514	-5	Norweb	211	652	+1	Sun Alliance†	838	387	+5
BP†	7,200	305½	-1	Glynwed Intl.	60	317		Pearson†	1,300	484	-3	T&N	2,200	218	
BPB Inds.	2,800	249	+7	Granada†	1,500	477	+7	P & O†	1,500	688		TI Group†	425	355	-1
BT†	10,000	422½	+2	Grand Met.†	3,100	447	+4	Pilkington	9,400	150	+1	TSB†	4,800	210	-1
BT (Part Pd)	15,000	187¾	+1½	GUS A†	358	2018	-10	PowerGen†	2,000	387½	-4½	Tarmac	2,300	142	+1
BTR†	3,500	401	-1	GRE†	1,200	215½	+1½	Prudential†	4,400	327½	-5	Tate & Lyle†	1,600	393	-5
Bank of Scotland†	3,300	171½	-3	GKN	1,600	506	-1	RMC†	370	819	+1	Taylor Woodrow	1,500	133	+4
Barclays†	2,100	494	-7	Guinness†	1,900	462	-2	RTZ†	1,500	888	-3	Tesco†	3,100	229½	-½
Bass†	963	582	-4	HSBC (75p shrs)†	2,100	756	+9	Racal	157	240	-1	Thames Water†	1,800	520	+13
Blue Circle†	7,400	280	-5	Hammerson 'A'	1,900	350	+4	Rank Org.†	1,200	792	+8	Thorn EMI†	1,500	931	
Booker	322	443		Hanson†	7,600	254½	+½	Reckitt & Colman†	564	594	-2	Tomkins†	2,000	228	-4
Boots†	4,100	475	-5	Harrisons Crosfield	754	194	-2	Redland†	3,400	554	+1	Trafalgar House	3,500	105½	+½
Bowater†	616	473	-6	Hillsdown	1,600	161	-1	Reed Intl.†	598	883	+2	Unigate	1,000	391	-8
Brit. Aerospace†	1,900	458	-7	IMI	348	307		Rentokil†	1,000	200	-1	Unilever†	2,900	986	+10
British Airways†	4,700	353½	+1	ICI†	3,100	635	-1	Reuters†	786	1537	+1	United Biscuits†	3,500	379	+4
British Gas†	6,600	332½	+4	Inchcape†	1,600	537	-5	Rolls Royce	11,000	182	+1	Utd. Newspapers	191	561	
British Land	2,900	366		Johnson Matthey	256	487	+3	Rothmans†	357	656	+3	Vodafone†	4,100	522	+5
British Steel†	4,900	116¼	-1	Kingfisher†	1,300	665	+5	Royal Bk Scotland†	1,700	300½	-1½	Warburg (SG)†	298	792	+1
Bunzl	58	134		Kwik Save	602	682	+4	Royal Insurance†	2,200	335	+2	Wellcome†	4,000	641	-14
Burmah Castrol†	305	799	-5	Ladbroke†	4,300	200½	+½	Saatchi	1,400	162	+1	Welsh Water	326	809	+5
Burton	9,700	60¼	+2½	Land Securities†	2,900	674	+14	Sainsbury†	1,900	484½	+3½	Wessex Water	599	813	+12
Cable & Wire.†	1,300	545		Laporte	417	639	-4	Scottish & New.†	529	449		Whitbread 'A'†	1,100	509	-5
Cadbury Schweppes†	1,600	473	-2	Legal & General†	1,800	479	-10	Scot. Hydro-Elect.†	1,000	368½	-1½	Williams Hldgs.†	1,500	339½	+2½
Calor Group	48	250	-1	Lloyds Abbey	6,900	433	+2	Scottish Power†	2,200	353	-3	Willis Corroon	257	234	-2
Carlton Comms.†	962	780	-1	Lloyds Bank†	2,200	549	+1	Sears†	2,600	113½	+1	Wimpey	657	189	-1
Coats Viyella†	2,700	244	-3	LASMO	4,700	135½		Sedgwick	474	202		Wolseley†	243	648	+3
Comm. Union†	2,500	669	-1	London Elect.	446	535	+7	Seeboard	626	570	+2	Yorkshire Elect.	667	548	+4
Cookson	1,100	236	+4	Lonrho	1,700	127	-4½	Severn Trent Water†	1,700	632	+12	Yorkshire Water	723	530	+14
Courtaulds†	721	578	+1	Lucas	1,600	153	-1	Shell Transport†	5,500	680½	+10½	Zeneca†	1,400	653	+8

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down. † Indicates an FT-SE 100 index constituent

FINANCIAL TIMES EQUITY INDICES

	Aug 13	Aug 12	Aug 11	Aug 10	Aug 9	Year ago	* High	* Low
Ordinary share	2360.7	2369.2	2378.1	2360.3	2374.5	1753.8	2379.1	2124.7
Ord. div. yield	3.92	3.90	3.89	3.91	3.88	5.14	4.52	3.88
Earning yld % full	4.72	4.70	4.68	4.71	4.67	7.47	6.38	4.67
P/E ratio net	27.09	27.20	27.29	27.12	27.38	16.92	27.38	19.40
P/E ratio nil	25.06	25.18	25.23	25.08	25.32	15.74	25.32	18.14
Gold Mines	190.4	201.1	207.4	211.2	208.9	80.2	249.2	60.0

*for 1993. Ordinary share index since compilation: high 2379.1 11/8/93 - low 49.4 26/6/40
Gold Mines index since compilation: high 734.7 15/2/83 - low 43.5 26/10/71
Basis Ordinary share 1/7/35. Gold Mines 12/9/55.

Ordinary share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2361.6	2357.0	2360.0	2360.0	2356.3	2358.7	2357.6	2357.4	2358.8	2363.6	2354.6

	Aug 13	Aug 12	Aug 11	Aug 10	Aug 9	Year ago
SEAQ Bargains	45,250	35,535	37,797	37,682	34,200	18,658
Equity Turnover(£m)†	-	2153.5	1824.7	1558.0	1186.1	538.2
Equity Bargains†	-	51,816	42,568	42,919	38,250	21,150
Shares traded (mil)†	-	887.9	709.2	643.7	507.9	399.2

† Excluding intra-market business and overseas turnover.

London report and latest Share Index Tel. 0891 123001. Calls charged at 36p/minute cheap rate, 48p at all other times.

FT-A INDICES LEADERS AND LAGGARDS

Percentage changes since December 31 1992 based on Friday August 13 1993

Gold Mines Index	+197.97	Transport	+14.27
Property	+57.24	Media	+13.74
Merchant Banks	+55.97	Insurance (Life)	+13.04
Engineering-Aerospace	+53.94	Packaging & Paper	+12.54
Metals & Metal Forming	+45.59	Other Industrials	+12.31
Contracting, Construction	+40.13	Telephone Networks	+11.69
Building Materials	+31.62	Conglomerates	+9.96
Financial Group	+30.01	Other Groups	+9.88
Banks	+29.58	FT-A All-Share	+9.72
FT-SE SmallCap	+26.18	Chemicals	+9.17
FT-SE SmallCap ex Inv Tst	+25.26	Textiles	+9.18
Investment Trusts	+24.69	Hotels & Leisure	+9.09
Electronics	+24.12	Business Services	+8.98
Capital Goods	+24.07	FT-SE-A 350	+8.84
Engineering-General	+22.89	Water	+7.88
Motors	+22.26	Stores	+7.64
Insurance Brokers	+21.83	"500" Share Index	+5.86
FT-SE Mid 250	+20.70	FT-SE 100	+5.75
FT-SE Mid 250 ex Inv Tst	+20.58	Industrial Group	+4.82
Electricity	+19.72	Food Manufacturing	+0.04
Insurance (Composite)	+18.48	Consumer Group	-5.37
Oil & Gas	+15.98	Brewers & Distillers	-7.59
		Food Retailing	-9.72
		Health & Household	-24.36

CHIEF PRICE CHANGES YESTERDAY

London (Pence)

Rises				Ocean Cons	111	+ 12
Air London	73	+ 8		Proteus	384	+ 17
Andrews Sykes	97	+ 7		Sherriff	140	+ 15
Armour Trust	46	+ 4		Wardle Storeys	444	+ 24
Baird (Wm)	275	+ 15		Wimpey	280	+ 30
Bluebird Toys	304	+ 12		**Falls**		
Higgs & Hill	108	+ 12		Medeva	95½	- 11½
Laing (J) A	309	+ 26		Sandwick	25	- 3
Nth. West Water	512	+ 15		Sherwood Comp	124	- 18
				Wellcome	641	- 14

NEW HIGHS AND LOWS FOR 1993

NEW HIGHS (366). [illegible] tos & Hutcheson, Barra (SC), Davro, FOOD RETAILING (2) Dairy Farm, Farepak, HEALTH & HSEHOLD (4) Hestor-BNA, Swallowfield, Westminster H'care, Zeneca, HOTELS & LEIS (2) Forte, Rank Organ. 8¾pc Pf., INSCE BROKERS (1) Heath (CE), INSCE COMPOSITE (1) General Accident, INSCE LIFE (1) Transatlantic, INV TRUSTS (120) MEDIA (4) Capital Radio, Carlton Comms. 6½pc Pf., Metal Bulletin, Taylor Nelson, [illegible]

NEW LOWS (14). BRITISH FUNDS (2) Exch. 13½pc '94, Treas. 14½pc '94, BUSINESS SERVS (2) Holmes Prctn., Sherwood Cmptr., CHEMS (2) BOC, Hickson, ELECTRONICS (2) Borland, Bick, FOOD MANUF (1) Sims, HEALTH & HSEHOLD (3) Court Cavendish, Intercare, Medeva, OIL & GAS (1) Fortune, MINES (1) Melinga Res.

EQUITY FUTURES AND OPTIONS TRADING

DERIVATIVES markets had a much quieter session in London yesterday, and tended to follow the fortunes of the UK government bond future contract, writes Terry Byland.

The September contract on the Footsie, which has played a significant role this week in the equity market's move above the 3,000 mark on the FT-SE Index, moved nervously at first as profits were taken in the underlying market. At worst, the contract dipped to 2,996.

However, renewed demand as the underlying stock market moved into the new trading account was given a further and significant boost by the Bank of England's decision not to hold the usual gilt-edged auction this month.

With both the gilt future and bond prices rising sharply in late trading, the Footsie September future jumped to a close of 3,024, a premium of 17 against the cash market: fair value premium is now below 3 points.

Volume in traded options fell by about one-third to 20,783 contracts, with the FT-SE contract down to 4,931.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		8.500	08/03	118.8954	-0.245	6.86	6.86	7.09
BELGIUM		8.000	03/03	112.9000	-0.150	7.10	7.01	7.02
CANADA *		7.500	12/03	103.0350	-0.590	7.08	7.08	7.10
DENMARK		8.000	05/03	108.5250	-0.650	6.77	6.77	7.04
FRANCE	BTAN	8.000	05/98	108.9489	-0.478	5.77	5.70	6.17
	OAT	8.500	04/03	115.2300	-0.290	6.34	6.40	6.78
GERMANY		6.500	07/03	101.3750	+0.040	6.31	6.37	6.51
ITALY		11.500	03/03	110.2950	+0.070	10.051	10.43	11.02
JAPAN	No 119	4.800	06/99	104.8111	-0.258	3.78	3.86	4.01
	No 157	4.500	06/03	102.1970	-0.407	4.12	4.13	4.26
NETHERLANDS		7.000	02/03	105.4300	-0.360	6.21	6.21	6.39
SPAIN		10.300	06/02	104.7290	-0.086	9.47	9.56	10.27
UK GILTS		7.250	03/98	103-27	+5/32	6.27	6.39	6.66
		8.000	06/03	108-02	+21/32	6.86	7.08	7.40
		9.000	10/08	115-13	+28/32	7.30	7.53	7.84
US TREASURY *		5.750	08/03	100-05	+4/32	5.73	6.18	5.72
		6.250	08/23	100-05	+9/32	6.24	6.55	6.60
ECU (French Govt)		8.000	04/03	107.7300	-0.230	6.67	6.99	7.13

London closing, *denotes New York morning session. Yields: Local market standard
† Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents.)
Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Sources

RISES AND FALLS YESTERDAY

	On Friday Rises	Falls	Same	On the week Rises	Falls	Same
British Funds	55	8	18	220	122	63
Other Fixed Interest	3	0	12	25	7	43
Commercial, Industrial	347	270	806	2,015	1,035	4,048
Financial & Property	178	106	529	1,575	330	2,145
Oil & Gas	18	16	47	104	53	238
Plantations	2	0	6	4	0	36
Mines	14	53	67	153	190	327
Others	50	33	40	294	158	215
Totals	668	486	1,525	4,390	1,905	7,115

FT-SE Actuaries Share Indices — THE UK SERIES

FT-SE 100	FT-SE MID 250	FT-A ALL-SHARE
3010.1 +1.0	3455.5 +3.7	1496.30 +0.92

	Aug 13	Day's change	Aug 12	Aug 11	Aug 10	year ago	Dividend yield %	Earnings yield %	P/E Ratio	Xd adj ytd	Total Return	1993 High		1993 Low		Since Compilation High		Since Compilation Low	
FT-SE 100	3010.1	—	3009.1	3006.1	2971.6	2358.8	3.81	5.73	21.65	57.86	1084.87	3010.1	13/8	2737.8	19/1	3010.1	13/8/93	986.9	23/7/84
FT-SE Mid 250	3455.5	+0.1	3451.8	3430.6	3406.6	2246.8	3.50	5.62	22.08	62.68	1237.86	3455.5	13/8	2878.3	13/1	3455.5	13/8/93	1379.4	21/1/86
FT-SE Mid 250 ex Inv Trusts	3465.9	+0.1	3461.5	3441.8	3419.5	2258.9	3.60	6.02	20.79	64.15	1237.13	3485.9	13/8	2874.6	1/1	3485.9	13/8/93	1378.3	21/1/86
FT-SE-A 350	1511.4	+0.1	1510.6	1507.5	1491.8	1137.5	3.74	5.70	21.74	28.67	1116.56	1511.4	13/8	1348.7	19/1	1511.4	13/8/93	684.5	14/1/86
FT-SE SmallCap	1720.60	+0.2	1716.41	1706.74	1696.39	-	3.27	4.02	34.54	26.72	1289.25	1720.60	13/8	1377.88	4/1	1730.60	13/8/93	1363.79	31/12/92
FT-SE SmallCap ex Inv Trusts	1708.34	+0.3	1703.46	1694.52	1686.58	-	3.47	4.48	32.11	27.84	1281.13	1708.34	13/8	1380.00	4/1	1708.34	13/8/93	1363.79	31/12/92
FT-A ALL-SHARE	1496.30	+0.1	1495.38	1491.80	1476.65	1119.78	3.71	5.60	22.25	28.08	1125.28	1496.30	13/8	1330.18	19/1	1496.30	13/8/93	61.92	13/12/74
1 CAPITAL GOODS(214)	1086.64	-0.1	1087.56	1082.45	1074.20	711.91	3.87	3.90	33.84	21.41	1278.04	1087.56	12/8	869.89	13/1	1087.56	12/8/93	50.71	13/12/74
2 Building Materials(28)	1170.16	+0.6	1163.46	1145.66	1137.16	745.03	4.01	3.31	42.45	21.58	1352.51	1170.16	13/8	882.68	12/1	1381.08	16/7/87	44.27	11/12/74
3 Contracting, Construction(29)	1035.98	+0.6	1029.31	1014.15	1006.91	583.83	3.18	1.26	80.00†	14.25	1430.40	1035.98	13/8	718.81	20/1	1951.50	16/7/87	71.48	2/12/74
4 Electricals(15)	3085.91	-1.7	3140.57	3157.32	3180.84	2102.84	4.38	4.76	26.93	67.43	1344.03	3191.56	9/8	2533.88	13/1	3191.56	9/8/93	84.71	25/6/62
5 Electronics(38)	2922.18	-0.8	2946.43	2920.90	2902.36	1875.54	2.98	5.72	21.41	62.42	1279.17	2946.43	12/8	2304.14	19/1	2946.43	12/8/93	1229.01	8/10/85
6 Engineering-Aerospace(7)	456.56	+0.8	452.71	448.30	444.31	296.63	3.23	‡	‡	6.61	1578.43	456.56	13/8	294.58	13/1	502.42	13/6/90	245.47	24/11/92
7 Engineering-General(48)	630.86	-0.3	632.45	632.42	629.39	428.82	3.44	5.61	21.53	11.23	1280.60	632.45	12/8	519.76	12/1	632.45	12/8/93	339.57	23/1/91
8 Metals & Metal Forming(10)	470.18	-0.2	471.06	470.11	459.69	275.38	2.33	‡	‡	6.37	1484.90	471.06	12/8	319.37	5/1	586.67	9/10/87	49.65	6/1/75
9 Motors(20)	460.63	—	460.66	460.65	456.87	303.11	4.74	4.11	33.93	9.93	1261.84	460.66	12/8	380.99	25/1	460.66	12/8/93	19.91	6/1/75
10 Other Industrials(19)	2246.04	-0.1	2248.66	2254.28	2234.14	1554.71	4.02	5.07	23.56	51.30	1158.30	2254.28	11/8	1948.15	19/1	2254.28	11/8/93	277.56	15/1/81
21 CONSUMER GROUP(233)	1666.74	-0.1	1668.73	1664.85	1650.04	1500.45	3.46	6.73	18.04	28.55	967.80	1773.10	4/1	1570.86	21/7	1773.10	4/1/93	61.41	13/12/74
[illegible]																			

Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	15.10	Close	High/day	Low/day
FT-SE 100	3001.0	2998.9	3003.5	3002.7	3002.1	3002.3	3001.4	2999.9	3007.1	3010.1	3010.2	2992.5
FT-SE Mid 250	3449.3	3448.7	3449.5	3452.4	3452.8	3452.8	3452.7	3452.8	3455.6	3455.5	3455.6	3445.6
FT-SE-A 350	1507.6	1505.8	1508.2	1508.2	1508.0	1508.1	1507.7	1507.1	1510.0	1511.4	1511.4	1503.6

FT-SE Actuaries 350 Industry Baskets

											Prev close	
Construction	2026.0	2021.7	2022.0	2027.3	2033.4	2036.3	2037.1	2037.1	2031.7	2031.7	2027.1	+4.5
Health & H	972.6	968.8	970.7	971.0	971.4	971.4	971.3	970.3	971.4	971.8	973.7	-7.1
Water	1437.0	1447.4	1450.8	1458.5	1461.5	1461.8	1458.9	1458.4	1456.8	1460.8	1425.9	+33.8
Banks	1880.4	1897.0	1895.7	1887.9	1888.4	1887.5	1887.9	1888.1	1892.8	1892.8	1892.8	-4.8

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
FT-SE Total Return Indices	31/12/92	1000.00	Media	31/12/90	1228.88	Other Groups	31/12/74	63.75
FT-SE SmallCap	31/12/92	1363.79	Engineering - Aerospace	31/12/80	486.00	Industrial Group	31/12/70	128.20
FT-SE SmallCap ex Inv Trust	31/12/92	1363.79	Engineering - General	29/12/89	486.00	Other Financial	31/12/70	128.06
FT-SE Mid 250	31/12/85	1412.60	Water	29/12/89	1065.45	Food Manufacturing	29/12/67	114.13
FT-SE Mid 250 ex Inv Trust	31/12/85	1412.60	Conglomerates	31/12/86	1114.07	Food Retailing	29/12/67	114.13
FT-SE-A 350	31/12/85	682.94	Telephone Networks	30/11/84	517.92	Insurance Brokers	29/12/67	96.67
FT-SE 100	31/12/83	1000.00	Electronics	30/12/83	1646.65	All Other	10/4/62	100.00
Business Services	31/12/90	999.65	Other Industrial Materials	31/12/80	287.41	British Government	31/12/75	100.00
Electricity	31/12/90	999.65	Health/Household Products	30/12/77	261.77	Do. Index-linked	30/4/82	100.00
						Debs & Loans	31/12/77	100.00

† Sector P/E ratios greater than 80 are not shown. ‡ Values are negative. The FT-SE 100, the FT-SE Mid 250 and the FT-SE Actuaries 350 indices are compiled by the London Stock Exchange and the FT-Actuaries All-Share Index and the FT-SE SmallCap Index are compiled by The Financial Times Limited, both in conjunction with the Institute of Actuaries and the Faculty of Actuaries under a standard set of ground rules. © The International Stock Exchange of the United Kingdom and Republic of Ireland Limited 1993. © The Financial Times Limited 1993. All rights reserved. "FT-SE" and "Footsie" are joint trade marks and service marks of the London Stock Exchange and The Financial Times Limited. Auditor: The WM Company.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales. [illegible]

FT MANAGED FUNDS SERVICE

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AUTHORISED UNIT TRUSTS

AIB Unit Trust Managers Limited (1000)F

61 Belmont Rd, Uxbridge, Middx UB8 1RZ 0895 259783

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
AIB Grofund American	5	158.1	158.6	168.8	+1.00	0.00
AIB Grofund Equity	5	217.9	221.2	234.1	-0.90	1.17
AIB Grofund Euro	5	177.8	179.4	190.9	+0.70	0.18
AIB Grofund Ext Balanced	3	106.4	108.6	111.8	-4.40	1.77
AIB Grofund Gilt	3	78.48	78.48	80.91	-0.30	4.97
AIB Grofund Japan	6	191.8	193.6	203.8	+2.50	0.00

Marks & Spencer Unit Trust Ltd (1200)F

PO Box 418, Chester X, CH99 9DB 0244 690000

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
M & S Inv P'folio	5½	144.0	144.8	154.2	-0.05	1.90
Do Accum	5½	151.8	151.8	172.8	-0.05	1.90
UK Sel P'folio	5½	119.7	120.4	128.7	-0.05	2.45
Do Accum	5½	135.2	136.0	145.6	-0.05	2.45

Marlborough Fund Managers Ltd (1630)F

57 Victoria Square, Bolton, BL1 1LA 0204 364842

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Managed Tst	0	65.83	66.53	75.47	—	3.74

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (♠) - 1401 to 1700 hours; (♣) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation,
Centre Point,
103 New Oxford Street, London WC1A 1QH.
Tel: 071-379-0444.

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INSURANCES

OTHER UK UNIT TRUSTS

FT MANAGED FUNDS SERVICE

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Prudential Assurance Co
Holborn Bars, London EC1N 2NH 071-405 9222

	Bid Price	Offer Price	+ or -	Yield Gross
Pradial				
Managed Aug 11	313.7	326.8		–

Prudential Corporate Pension Funds
55 King's Road, Reading RG1 3AH 0734 494852

	Bid Price	Offer Price	+ or -	Yield Gross
Prudential Managed Funds				
Discretionary Aug 11	£243.15	230.78	+2.78	–
Equity Aug 11	£271.53	281.07	+3.28	–
International Aug 11	£41.59	42.69	+0.55	–
Int'l Bond Aug 11	£21.21	21.49	+0.31	–
Fixed Int Aug 11	£130.15	121.81	+1.46	–
Index Linked Aug 11	£94.83	95.66	+0.50	–
Property Aug 11	£111.19	117.54	–	–
Cash Aug 11	£33.79	33.79	+0.04	–
Pre-Linked Retirement Plan				
Managed Aug 11	395.40	669.00	–	–
Cash Aug 11	305.90	318.40	+0.10	–
Prudential Pensions Investment Account				
Pens Mngd	229.60	245.70	-0.30	–
Pens Mngd A	102.60	108.10	-0.20	–
Pens UK Eq	393.30	412.10	-1.50	–
Pens Intl	300.80	322.30	+1.70	–
Pens Global Eqty	130.30	137.30	-0.10	–
Pens Fixed	293.60	310.00	+0.10	–
Pens Index Lk	238.30	251.60	-1.00	–
Pens Property	90.40	95.20	–	–
Pens Cash	199.50	210.30	+0.03	–
Money Purchase Plan				
Discretionary (z)	133.10	142.60	+0.60	–
Equity (z)	136.00	146.40	-0.40	–
International (z)	136.60	144.60	+1.70	–
Global Equity (z)	135.80	145.80	-0.80	–
Intl Bond Feb (z)	101.40	159.30	+1.00	–
Fixed Interest (z)	146.30	153.80	+0.40	–
Index Linked (z)	151.00	137.00	+0.40	–
Property Feb (z)	101.20	110.80	–	–
Cash (z)	115.40	121.10	–	–

Prudential Individual Life Funds
55 King's Road, Reading, RG1 3AH 0734 494852

	Bid Price	Offer Price	+ or -	Yield Gross
Series I Life Funds				
Managed	733.4	772.0	+2.4	–
Equity	1419.5	1494.1	+0.7	–
Fixed Interest	595.5	626.9	-2.9	–
Property	393.8	414.0	-0.1	–
Cash	348.3	366.6	+0.1	–
International	586.6	611.6	+3.1	–
Series II Life Funds				
Managed	706.8	743.0	+2.1	–
Equity	1362.3	1434.0	+0.8	–
International	584.6	584.4	+1.0	–
Fixed Int	569.5	599.5	-2.8	–

Scottish Amicable - Contd.

	Bid Price	Offer Price	+ or -	Yield Gross
Others				
Capital Guarantee Bond	103.1	155.0	-0.30	–

Scottish Equitable Life Assce. Soc.
60 St Andrew Sq, Edinburgh 031-556 9101

	Bid Price	Offer Price	+ or -	Yield Gross
Mixed	240.0	252.8	-0.2	–
UK Equity	222.9	234.8	-1.4	–
International	244.8	257.7	+0.8	–
American	240.9	253.5	+0.1	–
European	227.3	239.3	-0.3	–
Japan	289.4	290.4	+1.0	–
Pacific	342.4	360.4	+1.0	–
Technology	316.8	333.4	+0.9	–
Fixed Interest	180.4	189.9	-0.9	–
Index Linked	159.0	167.4	+0.8	–
Foreign Bond/Currency	229.0	241.1	+1.5	–
Cash	173.685	182.831	+0.019	–
Ethical	121.5	127.9	-0.1	–
Pens Mixed	690.8	726.8	-1.7	–
Pens UK Equity	754.7	794.5	-5.7	–
Pens International	761.0	801.0	-0.9	–
Fund American	240.4	258.3	+0.7	–
Pens European	264.8	278.7	-1.2	–
Pens Japan	328.6	345.8	-2.9	–
Pens Pacific	386.8	407.2	+0.7	–
Pens Fixed Interest	368.2	387.5	-3.8	–
Pens Index Linked	187.2	207.0	-1.1	–
Pens Cash	276.792	291.360	+0.040	–
Pens Property	213.62	224.86	+0.27	–
Pens Ethical	156.8	165.0	-0.2	–
Edinburgh Inv	348.7	366.0	-1.8	0
Baillie Gifford Japan	259.1	272.7	+1.0	–

Scottish Life Investments
19 St Andrew Square, Edinburgh 031-225 2211

	Bid Price	Offer Price	+ or -	Yield Gross
Property	179.5	189.1	–	–
UK Equity	331.8	348.4	-1.3	–
American	244.1	257.1	+0.3	–
Pacific	342.8	360.9	+2.6	–
European	427.8	449.8	+0.1	–
International	294.6	310.1	+0.7	–
Fixed Interest	242.2	255.0	+0.8	–
Index Linked	194.7	205.1	+0.3	–
Deposit	185.9	195.8	–	–
Managed	268.4	282.5	-0.8	–
Worldwide	111.8	123.8	-0.2	–
Max Protets Pens	85.7	90.3	+0.1	–
Pens. Property	209.6	220.7	+0.1	–
Pens. UK Equity	394.8	415.7	-1.7	–
Pens. American	272.8	287.3	+0.4	–
Pens. Pacific	392.1	412.0	+3.3	–
Pens. European	509.5	536.4	+0.1	–
Pens International	345.7	364.0	+0.2	–
Pens. Fixed Int	298.6	314.6	+1.1	–
Pens. Index Linked	210.1	221.3	+0.4	0.0

[illegible]

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

FT MANAGED FUNDS SERVICE

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	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Prudential Fund Managers (Jersey) Ltd						
PO Box 103, St Helier, Jersey 0534 70000						
Prudential Currency Fd [illegible]						
Income £ & D	[illegible]	316.6	316.6	328.4	+0.5	3.46
Growth £ & D	[illegible]	324.8	324.8	341.0	+0.7	-
Royal Trust Jsy Fd Mngt Ltd (1400)F						
PO Box 428, St Helier, Jersey 0534 27441						
Govt Secs Fd	4	58.82	58.82	58.16	+0.03	7.44
Standard Bank Fund Mngmt (Jersey) Ltd						
PO Box 583, St Helier, Jersey CI 0534 67587						
International Bond	5		18.16	17.10	+0.01	4.50
Sterling Bond	3		10.18	10.54	-0.04	[illegible]
Sterling Cap			42.82	42.82	-	[illegible]
TSB Trust Funds (CI)						
PO Box 538, St Helier, Jersey						
TSB Offshore Investment Fund Ltd 0534 503002						
Stg Deposit Class	3	101.85	101.85	104.00	+0.01	5.00
Gilt & Fixed Interest	3	124.28	124.28	[illegible]	[illegible]	[illegible]
Blue Chip & Gilt Edged	5	84.52	84.52	[illegible]	-0.11	7.10
International Bond	5	142.30	142.30	[illegible]	-0.61	[illegible]
UK Equity	5	[illegible]	[illegible]	[illegible]	-0.07	4.74
International Equity	5	[illegible]	277.58	[illegible]	+3.81	1.18
Far Eastern	5	[illegible]	199.02	[illegible]	+1.33	0.33
European	5	181.24	181.24	[illegible]	+3.38	[illegible]
Pan American	5	141.11	141.11	[illegible]	+0.42	[illegible]
TSB Gilt Fund Ltd						
University Shares	3	111.00	111.00	114.64	-0.39	7.33
Monthly Shares	3	[illegible]	[illegible]	113.18	-0.39	7.43

JERSEY (REGULATED)(**)

	Bid Price	Offer Price	+ or -	Yield Gross
Barclays Intl Funds				
Asian Selection Funds				
China	$3.040	3.463	+0.030	0.0
Hong Kong	[illegible]	31.002	+0.152	0.0
Indonesia	[illegible]	11.[illegible]	[illegible]	0.0
Japan	$10.787	10.[illegible]	+0.030	0.0
Korea	$10.789	11.357	-0.107	0.0
Malaysia	$20.497	21.573	-0.144	0.0
Philippines	$17.061	17.957	+0.310	0.0
Singapore	$13.487	14.176	+0.201	0.0
Thailand	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

LUXEMBOURG (SIB RECOGNISED)

[illegible]

Barclays Inv Funds (Luxembourg) 41 Avenue de la Gare L-1611 010 352 404344

CMI Asset Management (Luxembourg) SA 208 route d'Arlon, L-1150 Lux 010 352 456025

Commercial Union Luxembourg SA 41 Ave de la Gare L-1611

[illegible]

Latin American Securities Ltd Exchange Hs, Primrose St, Ldn, EC2A

Liberty ALL-STAR World Portfolio 2 boulevard Royal, Luxembourg

Lloyds Bank Luxembourg 1, Rue Schiller, Luxembourg

Midland International Circuit Fund

[illegible]

LUXEMBOURG (REGULATED)(**)

[illegible]

SWITZERLAND (SIB RECOGNISED)

[illegible]

OTHER OFFSHORE FUNDS

[illegible]

	Bid Price	Offer Price	+ or -	Yield Gross
Worldwide Limited				
NAV Jun 30	$80.20		-	-
Xiphias International Investment Fd Ltd				
Xiphias Int US$ Acc	01.2988		-	-
Xiphias Int ECU Acc	Ecu1.3860		-	-
Xiphias Int ECU Dis	Ecu1.2261		-	-
Yamaichi Capital Mngmt (Guernsey) Ltd				
Thai Inst Fund	$13.78		-	-

MANAGED FUNDS NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % allow for all buying expenses. Prices of certain older insurance linked plans subject to capital gains tax on sales. ‡ Distribution free of UK taxes. p Periodic premium insurance plans. § Single premium insurance. ■ Designated in Luxembourg as a UCITS (Undertakings for Collective Investment in Transferable Securities). ■ Offered price includes all expenses except agent's commission. z Previous day's price. ¶ Guernsey gross. ‡ Suspended. ◆ Yield before Jersey tax. † Ex-subdivision. ‡ Only available to charitable bodies. ◆ Yield column shows annualised rates of NAV increase. xd ex dividend.

(**) Funds not SIB recognised. The regulatory authorities for these funds are: Guernsey Financial Services Commission; Ireland: Central Bank of Ireland; Isle of Man: Financial Supervision Commission; Jersey: Financial Services Department; Luxembourg: Institut Monétaire Luxembourgeois.

WORLD STOCK MARKETS

US MARKETS (2:45 pm)

CANADA (3 pm)

AUSTRIA

FRANCE

GERMANY

NETHERLANDS

BELGIUM/LUXEMBOURG

DENMARK

FINLAND

ITALY

NORWAY

SPAIN

SWEDEN

SWITZERLAND

SOUTH AFRICA

JAPAN

HONG KONG

AUSTRALIA

MALAYSIA

SINGAPORE

INDICES

NEW YORK

DOW JONES

	Aug 12	Aug 11	Aug 10	Aug 9	1993 HIGH	1993 LOW	Since compilation HIGH	Since compilation LOW
Industrials	3569.09	3583.35	3572.73	3576.08	3583.35 (11/8)	3241.95 (20/1)	3583.35 (11/8/93)	41.22 (2/7/32)
Home Bonds	108.49	108.64	108.88	108.78	108.88 (10/8)	103.40 (11/1)	108.88 (10/8/93)	54.99 (1/10/81)
Transport	1617.87	1630.01	1630.77	1617.66	1683.08 (16/4)	1453.84 (4/1)	1683.08 (16/4/93)	12.32 (8/7/32)
Utilities	250.30	251.05	250.60	251.12	252.04 (5/8)	217.14 (8/1)	252.04 (5/8/93)	10.50 (8/4/32)

DJ Indl. Day's High 3607.66 (3607.94) Low 3537.24 (3550.93) (Theoretical♠)
Day's High 3593.96 (3593.90) Low 3552.33 (3572.73) (Actual♠)

STANDARD AND POOR'S

	Aug 12	Aug 11	Aug 10	Aug 9	1993 HIGH	1993 LOW	Since compilation HIGH	Since compilation LOW
Composite †	448.96	450.46	446.82	450.72	456.33 (10/3)	429.05 (8/1)	456.33 (10/3/93)	4.40 (1/6/32)
Industrials‡	506.38	508.63	507.22	505.35	524.99 (10/3)	496.48 (26/4)	524.99 (10/3/93)	3.62 (21/6/32)
Financial	46.89	46.84	46.89	46.87	46.89 (12/8)	39.89 (8/1)	46.89 (12/8/93)	8.64 (1/10/74)
NYSE Composite	249.17	249.98	249.63	250.05	251.36 (10/3)	236.21 (8/1)	251.36 (10/3/93)	4.46 (25/4/42)
Amex Mkt Value	437.58	438.87	436.19	453.80	440.95 (4/8)	395.84 (8/1)	440.95 (4/8/93)	29.31 (9/12/72)
NASDAQ Composite	717.12	718.77	717.08	718.49	718.77 (11/8)	645.87 (26/4)	718.77 (11/8/93)	54.87 (31/10/72)

	Aug 6	Jul 30	Jul 23	year ago (approx.)
Dow Industrial Div. Yield	2.87	2.88	2.83	3.82

	Aug 11	Aug 4	Jul 28	year ago (approx.)
S & P Industrial div. yield	2.52	2.53	2.59	2.68
S & P Indl. P/E ratio	25.14	25.09	25.06	28.50

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Equity Residential	6,543,300	28⅝	..
Telefonos	5,600,100	49⅞	-1½
Newmont Mng	4,288,000	47¼	-1⅛
Merck	4,049,300	29⅝	-½
Nab Gold Prop	3,698,200	20¾	-
US Medical	2,895,400	8½	-5⅜
Maxus Energy	2,694,700	8⅛	-¼
Cons Edison	2,533,700	36¼	-⅛
Homestake	2,463,600	18⅞	-¼
Jhnsn & Jhnsn	2,463,800	50	-1⅝

TRADING ACTIVITY

† Volume (Millions)	Aug 12	Aug 11	Aug 10
New York SE	272.864	286.135	255.464
Amex	20.098	21.158	17.178
NASDAQ	271.287	291.805	260.861
NYSE			
Issues Traded	2,622	2,597	2,585
Rises	846	1,058	980
Falls	1,075	881	957
Unchanged	701	658	648
New Highs	143	156	133
New Lows	42	44	46

CANADA

TORONTO

	Aug 12	Aug 11	Aug 10	Aug 9	1993 HIGH	1993 LOW
Metals & Minerals	3126.24	3123.00	3118.83	3035.02	3126.24 (12/8)	2743.31 (21/1)
Composite	4009.00	4015.29	4028.44	4032.30	4028.44 (10/8)	3275.80 (21/1)
MONTREAL Portfolio	1909.01	1910.40	1921.50	1909.21	1939.10 (25/5)	1720.97 (21/1)

Base values of all indices are 100 except NYSE All Common - 50; Standard and Poor's - 10; and Toronto Composite and Metals - 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable. ♠ The DJ Indl. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock, whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

	Aug 13	Aug 12	Aug 11	Aug 10	1993 HIGH	1993 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1855.9	1873.3	1861.0	1850.4	1873.30 (12/8)	1495.00 (13/1)
All Mining (1/1/80)	881.9	877.6	881.2	884.5	904.50 (2/8)	584.70 (13/1)
AUSTRIA						
Credit Aktien (30/12/84)	398.64	399.63	399.40	399.20	399.63 (12/8)	300.26 (14/1)
Traded Index (2/1/91)	1000.64	1006.35	1005.83	1009.70	1009.70 (10/8)	712.08 (15/1)
BELGIUM						
BEL20 (1/1/91)	1358.12	1365.70	1349.87	1336.88	1365.70 (12/8)	1125.46 (4/1)
DENMARK						
Copenhagen SE (3/1/83)	330.31	329.02	324.00	324.01	330.31 (13/8)	261.90 (4/1)
FINLAND						
HEX General (28/12/90)	1441.3	1428.0	1385.8	1390.8	1441.30 (13/8)	843.10 (22/1)
FRANCE						
CAC General (31/12/81)	585.40	589.74	584.46	582.02	589.74 (12/8)	471.24 (13/1)
CAC 40 (31/12/87)	2140.00	2161.87	2167.39	2138.78	2167.39 (11/8)	1772.21 (29/1)
GERMANY						
FAZ Aktien (31/12/58)	736.18	735.13	726.35	725.08	736.18 (13/8)	598.92 (14/1)
Commerzbank (1/12/53)	2095.7	2091.4	2065.3	2062.0	2095.70 (13/8)	1694.30 (14/1)
DAX (30/12/87)	1906.58	1904.95	1865.00	1865.16	1906.58 (13/8)	1516.50 (13/1)
HONG KONG						
Hang Seng Bank (31/7/64)	7392.25	7339.55	7357.63	7329.81	7447.24 (27/5)	5437.00 (4/1)
IRELAND						
ISEQ Overall (4/1/88)	1718.86	1723.27	1730.58	1745.39	1745.39 (10/8)	1191.10 (11/1)
ITALY						
Banca Com. Ital. (1972)	588.97	590.98	588.73	588.77	590.98 (12/8)	446.33 (8/1)
MIB General (4/1/93)	1296.0	1300.0	1298.0	1298.0	1300.00 (9/8)	992.00 (11/1)
JAPAN						
Nikkei (16/5/49)	20745.11	20785.28	20732.57	20491.75	21076.00 (3/8)	16287.45 (25/1)
Tokyo SE (Topix) (4/1/68)	1683.08	1686.18	1680.23	1661.22	1686.18 (12/8)	1250.06 (25/1)
2nd Section (4/1/68)	2267.68	2263.55	2252.63	2239.38	2384.07 (7/6)	1651.72 (28/1)
MALAYSIA						
KLSE Composite (4/4/86)	771.91	776.16	780.42	780.60	785.49 (5/8)	614.28 (13/1)
NETHERLANDS						
CBS Tl.Rtn.Gen.(End 1983)	370.4	369.9	367.6	365.7	370.40 (13/8)	295.70 (4/1)
CBS All Shr (End 1983)	243.0	242.7	241.2	240.0	243.00 (13/8)	198.60 (13/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	979.17	956.17	925.23	900.90	979.17 (13/8)	669.93 (27/1)
PHILIPPINES						
Manila Comp (2/1/85)	1759.65	1751.68	1747.67	1734.19	1783.30 (3/8)	1270.60 (4/1)
SINGAPORE						
SES All-Singapore (2/4/75)	487.64	483.93	482.89	482.30	497.64 (13/8)	394.10 (13/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1667.0♥	1763.0	1810.0	1875.0	2098.00 (30/7)	775.00 (5/1)
JSE Industrial (28/9/78)	4537.0♥	4572.0	4568.0	4571.0	4719.00 (6/7)	4333.00 (19/4)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	693.57	725.94	723.65	719.44	777.25 (9/6)	605.93 (6/3)
SPAIN						
Madrid SE (30/12/85)	(u)	278.48	274.18	271.63	278.48 (12/8)	215.80 (4/1)
SWEDEN						
Affarsvarlden Gen. (1/2/37)	1293.3	1287.1	1260.3	1247.1	1293.30 (13/8)	879.10 (28/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	1063.0	1058.0	1045.0	1038.5	1063.00 (13/8)	904.80 (11/1)
SBC General (1/4/87)	845.6	843.6	832.2	828.7	845.60 (13/8)	678.70 (11/1)
TAIWAN**						
Weighted Price (30/6/66)	4122.12	4140.75	4115.04	4093.31	5013.28 (7/4)	3098.43 (9/1)
THAILAND						
Bangkok SET (30/4/75)	964.22	(u)	962.17	965.09	998.44 (25/1)	818.84 (1/6)
WORLD						
M.S. Capital Intl.(1/1/70) $	589.7*	589.1	590.1	583.7	589.78 (13/8)	488.60 (12/1)
Euro Top-100 (26/6/90)	1105.53	1105.36	1099.46	1091.35	1105.53 (13/8)	862.73 (13/1)

**Saturday August 7: Taiwan Weighted Price: 4026.84; Korea Comp Ex. 718.52
♥ Subject to official recalculation.
*Calculated at 15.00 GMT

Base values of all indices are 100 except Austria Traded, BEL20, HEX Gen., MIB Gen., CAC40, Euro Top-100, ISEQ Overall and DAX - 1,000, JSE Gold - 255.7, JSE 25 Industrials - 264.3 and Australia All Ordinary and Mining - 500; (c) Closed. (u) Unavailable

WORLD STOCK MARKETS

AMERICA

Early bonds rally fails to inspire Dow

Wall Street

US share prices stayed close to opening values yesterday morning in spite of more good inflation news and another bond market rally, *writes Patrick Harverson in New York.*

At 1pm, the Dow Jones Industrial Average was down 1.95 at 3,567.14. The more broadly based Standard & Poor's 500 was up 0.79 at 449.75, while the Amex composite was 0.67 firmer at 438.25 and the Nasdaq composite up 0.91 at 718.03. Trading volume on the NYSE was light at 131m shares by 1pm and rises outnumbered declines by 872 to 858.

After Thursday's profit-taking and program selling, which lopped 14 points off the Dow, the mood of the markets was much more subdued, with sporadic buying by bargain hunters the only notable feature.

For the second consecutive day, a strong morning rally in bond prices failed to inspire equity investors. In early afternoon trading the benchmark 30-year government bond was up ⅜ at 98¾, and the yield had descended to a record low of 6.332 per cent.

As on the previous day, yesterday's jump in bonds was sparked by good inflation news. The Labor department reported that its index of consumer prices rose by only 0.1 per cent in July, a slightly smaller increase than expected. Taken together with Thursday's reported decline in producer prices, analysts said that it was clear the inflationary threat to the economy, which reared its ugly head earlier this year, had fully abated.

Among individual sectors, Mexican stocks were in demand after the news that trade negotiators from the US, Canada and Mexico had reached an agreement on labour and environmental issues that had been holding up approval of the North American Free Trade Agreement. Telefonos de Mexico rose $2 to $51⅞ in volume of 2m shares, Mexico Equity & Income Fund climbed $1¼ to $19¼ and Mexico Fund put on $1⅞ at $26⅞.

T2 Medical, down another $1⅞ at $6⅞, continued its plunge in the wake of the news that the company will have to reduce its reported first and second quarter earnings because of accounting irregularities.

On the Nasdaq market, Borland International fell $1 to $15⅞ after a US judge ruled that the company's revised version of its Quattro Pro product continues to violate Lotus Development's copyrights on its 1-2-3 spreadsheets. Lotus firmed $⅛ to $36⅞.

Big computer stocks were in mixed form, with Compaq down $1⅛ to $52⅞, but Hewlett-Packard up $1⅞ at $75⅞.

Casino Data climbed $2 to $14⅞ after the Nevada Gaming Control Board approved the company's multi-site system to link slot machines throughout the state.

MEXICAN share prices recovered Thursday's losses and more as the IPC index rose 62.28, or 3.5 per cent, to 1,841.17 in brisk early trade following news that the US, Canada and Mexico had reached agreement on side accords to the North American Free Trade Agreement.

Canada

TORONTO was pulling up from early lows by midday and the TSE-300 index was 0.90 lower at 4,009.87 in volume of 27.8m shares, compared with Thursday's 28.6m. Developments in talks on the North American Free Trade Agreement had little initial impact. However, the lower Canadian dollar depressed financial services, leaving the index 7.22 easier at 3,053.19.

Foreigners discover the joys of going Dutch

Ronald van de Krol says that overseas buying has helped Amsterdam to enjoy a record-setting summer

Contrary to all forecasts, the Amsterdam stock exchange is enjoying a record-setting summer.

The appetite of foreign investors for European shares has touched off an unexpected rally in Dutch cyclicals, catching domestic investors off their guard and surprising professionals who had gone short on the assumption that share prices would limp through July and August.

The climb in share prices has been translated into a series of 12-month highs for companies involved in some of the most recession-hit areas of the domestic and European economy, and the main bourse indices have reached a series of all-time peaks.

The rally in cyclicals, which had not been expected until late 1993 at the earliest, has stolen some of the limelight from "defensive" bourse stalwarts like Elsevier, the publisher, and Unilever, the Anglo-Dutch food and consumer products group.

In recent days Hoogovens, the steel group, and DSM, the chemicals company, have been "rewarded" for their weak first-half figures and their gloomy assessment of economic prospects with sharp increases in their share prices. Hoogovens jumped by 10 per cent on Wednesday, after predicting that losses would fall in the second half but also after saying that the economic outlook of its main European customers remained bleak.

Spurred on by Hoogovans and other cyclicals, the CBS Tendency index rose to a record 128.4 on Thursday, up nearly 35 per cent since the start of the year, before easing to 127.9 yesterday. By contrast, at the end of May, when Amsterdam investors usually sell and go away, the cumulative rise for the year was only 10 per cent.

This surprising turn of events has caused a "short squeeze" for investors and stockbrokers who sold shares earlier with an eye to buying them back at a lower price later.

One small brokerage, Nusse Brink, was suspended from trading at the end of last week when it could no longer cover its short positions. This has also affected Van den Broek, a company with a clearing role, which is owned by James Capel's Amsterdam operation. Capel and the bourse's management are so far at odds over whether Van den Broek is entitled to compensation from the exchange's contingency funds.

Stocks shorted by investors include DSM, Fokker and Philips, all three of which have reached 12-month highs, partly by a scramble to cover positions. But analysts say the cyclical rally is being fuelled by more than short-covering and that it could be sustained into the autumn. Philips, for example, is benefiting from second-quarter figures which revealed that the company's financial position and its debt ratios are improving, even although operating profits continue to suffer from the malaise in consumer electronics and communications.

This improvement, together with the planned acquisition of Motown by its majority-owned PolyGram record company, has taken Philips's shares to around Fl 37 compared with a low of Fl 16.90 last November.

Foreign buying has helped to turn other investors' attention to the prospects for lower interest rates, to the widespread restructuring of Dutch industry which will pay off when economic recovery comes and to the expected strengthening of the dollar, traditionally a positive factor for the outward-looking companies listed on the Amsterdam exchange.

Apart from the likelihood of profit-taking in some individual stocks, analysts are not predicting a major correction in prices soon.

Mr Rob Sweers, an analyst at Banque Paribas in Amsterdam, says: "Underlying sentiment is strong, the market is becoming broader and volumes are on the increase." The bourse should remain well-supported by some investors covering short positions and by others anxious not to miss the rally, he adds.

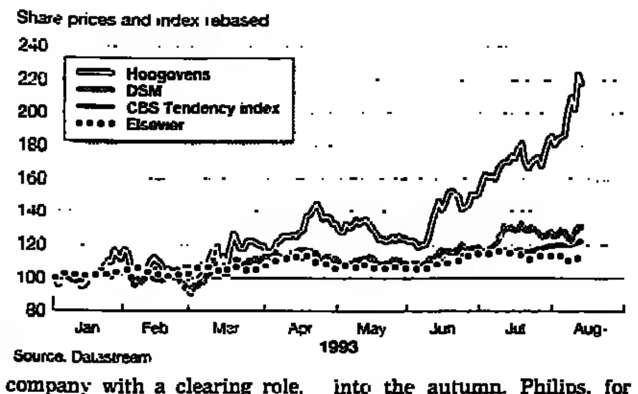
His preference is for "quality cyclicals" such as Akzo, Philips, Hunter Douglas and Océ-van der Grinten, as well as financial stocks, rather than the food and beverage sector or publishers which benefited most from the higher prices earlier this year but whose share performance now is more modest than the high-flying cyclicals. Companies in the throes of restructuring could also be well-placed.

At Mees Pierson, the Amsterdam-based investment bank, Mr Frank Hoogendijk attributes the summer rally to a willingness among foreign investors in particular to take a long-term view rather than to dwell on the current economic climate. "Private investors have not been terribly active so far," he says, noting that their entry could extend the rally. He believes that there is room for selective profit-taking in "heavy cyclicals" but says that a substantial correction across the board seems unlikely.

Steady performers such as Royal Dutch, financial issues and publishers make up more than 60 per cent of Amsterdam's market capitalisation. "The trend for these companies will remain good as long as profits continue to rise and interest rates are not raised," he believes.

Amsterdam

Share prices and index rebased



Source: Datastream

EUROPE

Transatlantic demand provides measure of support

US BUYING was reported again in Germany, France, Spain and Portgual, taking some bourses higher and trimming earlier losses elsewhere, *writes Our Markets Staff.*

FRANKFURT consolidated Thursday's gains, the DAX index closing another 1.63 higher at 1,906.58 for a rise of 2 per cent on the week. Turnover fell from DM12.2bn to DM9.4bn.

Volkswagen supported the foreign buying thesis, in spite of continued speculation about the job security of some of its top management. The shares incorporated Thursday's post gains, and more, to close DM15 higher at DM399.50. Elsewhere, Lufthansa was still inspired by its second quarter turn from loss into profits, the shares rising another DM10.30 to DM148.30, up 11.9 per cent on the week.

In engineering, KHD rose DM6.30 to DM123.30 with Swiss-based buying reported. In chemicals, Schering saw profit-taking after gains on its new MS drug, and fell DM22 to DM942.

PARIS ended virtually flat on the week with the CAC-40 index 13.87 down on the day, but well off its worst at 2,148.00. The government's apparently unswerving devotion to austere economic policies dented expectations of short-term official rate cuts.

Turnover was healthy, but lower at FFr3.58bn. The mood was not improved by first-half corporate revenue figures. Michelin, where first half sales fell 12 per cent, and where there were profits to be taken, fell FFr3.30 to FFr192.20; Rhone-Poulenc, with first half turnover down 5.9 per cent, slid FFr3.80 to FFr158.

MILAN was enlivened by exceptionally heavy trading in Ferruzzi in otherwise quiet conditions as the market wound down to the end of the monthly account on Monday. The Comit index eased 1.99 to 588.97, for a 1.3 per cent advance on the week.

Ferruzzi added L55.4 or 20.31 per cent to L328.2 in volume of almost 59m shares. Mr Matteo Amoretti of Albertini in Milan said many investors had been confused about the share's correct price level when it resumed trading on Thursday after a two day suspension.

"They decided yesterday it had become a penny share, similar to an option or warrant with no maturity. There is very little downside risk but there is upside potential in the event of a recovery," he said.

ZURICH returned to its record-setting ways, although some profit-taking emerged in banks after their strong showing on Thursday. The SMI index rose 10.5 to 2,461.0, 1.6 per cent higher on the week.

Nestlé, the most actively traded share, rose SFr25 to SFr1,060, taking its advance over the week to 6 per cent, after recent weakness.

MADRID rose on lower-than-expected July inflation data and expectations of diminishing interest rates. The general index climbed another 2.74 to 281.22, up 4.1 per cent on the week, and turnover stayed high at Pta25.6bn, fractionally higher than Thursday's figure.

ATHENS surged 2.6 per cent to a year's high as the Greek parliament approved the long-awaited bill for the privatisation of OTE, the state telecommunications company. The general index rose 23.87 for a weekly rise of 3 per cent.

LISBON continued its climb, the BTA index rising another 41.7 to 2,390.1. Mr John Ferreira of Carnegie International gave the credit to US buying on Portugal's low and falling interest rates, and economic recovery hopes after the escudo devaluation.

STOCKHOLM advanced to a year's high in heavy trading, and the Affärsvärlden index rose 6.2 to 1293.3, 3.4 per cent higher on the week. S-E Banken A shares rose SKr9.5 or 15.8 per cent to SKr69.5 after a press report about plans for a new share issue.

OSLO was up 1.7 per cent in record turnover of NKr1.4bn. The all-share index rose 9.69 to 590.23, up 8 per cent on the week.

FT-SE Actuaries Share Indices

August 13 — THE EUROPEAN SERIES

Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1272.67	1273.22	1273.30	1271.45	1274.66	1275.74	1276.00	1276.74
FT-SE Eurotrack 200	1354.60	1355.91	1357.15	1355.98	1360.06	1357.50	1357.95	1354.67

	Aug 12	Aug 11	Aug 10	Aug 9	Aug 6
FT-SE Eurotrack 100	1280.84	1274.70	1261.80	1269.95	1272.34
FT-SE Eurotrack 200	1359.68	1354.93	1348.61	1352.97	1348.44

Base value 1000 (26/10/90) Highday: 100 - 1277.19; 200 - 1360.21 Lowday: 100 - 1271.45 200 - 1354.58

ASIA PACIFIC

Seoul suffers biggest ever one-day fall

Tokyo

THE sharp rise in the yen to a record high against the dollar triggered profit-taking, erasing earlier gains, and the Nikkei index posted its first fall in five trading days, *writes Emiko Terazono in Tokyo.*

Japanese shares fell further in London later, the ISE/Nikkei 50 index falling 9.65 to 1,272.18 on evidence of rising real estate debts and news of fresh probes into dubious securities deals, both emerging after the Tokyo close.

In Tokyo, the Nikkei ended 20.11 down at 20,745.17, 2.5 per cent higher on the week, after fluctuating between 20,686.77 and 20,921.89. Trading was hardly affected by the settlement of August futures option contracts.

Volume totaled 480m shares against 505m. Dealers sought large-capital issues, while foreign and institutional investors took profits. Advances led declines by 497 to 453 with 178 unchanged. The Topix index of all first section stocks fell 3.10 to 1,683.08 and in London, the ISE/Nikkei 50 index lost 9.65 to 1,272.18.

A fall in the bond market was a further cause for pessimism among stock market participants. The yield on the No 145 10-year benchmark rose 0.085 percentage points to 4.08 per cent.

Utilities turned lower on increased calls for price cuts on the back of the higher yen. Ms Manae Kubota, head of the economic planning agency, said that the benefits of a higher yen were not filtering through to consumers as energy suppliers were maintaining electricity and gas prices. Tokyo Electric Power fell Y50 to Y3,760.

In Osaka, the OSE average fell 17.21 to 22,745.01 in volume of 33.9m shares. Rohm, a semiconductor maker, fell Y60 to Y1,970 on profit taking.

Roundup

THE region produced some distinct contrasts, investors reacting badly to a key reform in South Korea, but appreciating bank results in Singapore and improved prospects in India.

SEOUL saw its biggest one-day tumble since it was founded in 1977 on the government's ban on trading under false or borrowed names. The composite index ended 32.57, or 4.5 per cent lower at 693.57, 3.9 per cent down on the week.

A total of 917 shares went limit down, and brokers said the general fall was stemmed by the system of daily permitted lows; they said that the reform could depress the market for some time but that, in the long run, it was very good news for the market.

However, trading was thin, only Won133.34bn against Thursday's 221.68bn after the finance minister ordered the market to be closed yesterday morning, and institutions kept largely to the sidelines.

SINGAPORE's Straits Times Industrial index ended at a record closing high of 1,917.87, up 15.07 on the day and 1.8 per cent up a week which featured some good bank interims.

BOMBAY rose 38.68 to a five-month high of 2,522.48, 6.2 per cent up on the week, on the removal of political uncertainties, improved prospects for the economy and heavy foreign buying.

HONG KONG rose on a climb in index futures and in Hutchison, which sold a News Corp ADRs holding. The Hang Seng index closed 52.70 higher at 7,382.25, little changed on the week. Turnover dipped from HK4.65bn to HK$4.50bn.

AUSTRALIA's gold index dropped 123.9, or 5.7 per cent, to 2,040.6 as bullion eased offshore, and the All Ordinaries ended 17.4 lower at 1,855.9, 0.7 per cent down on the week.

NEW ZEALAND showed a 1.9 per cent fall on the week as the NZSE-40 index closed 28.23 lower at 1,560.28.

SOUTH AFRICA

GOLD shares found little support in weak trade as the bullion price resumed its decline. The gold index finished 96 lower at 1,867, 6.1 per cent down on the week. Industrials fell 35 to 4,537 and the overall index shed 71 to 3,961.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS (Figures in parentheses show number of lines of stock)	Thu Aug 12 US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	Wed Aug 11 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1993 High	1993 Low	Year ago (approx)
Australia (69)	143.78	+0.3	145.70	93.75	128.57	140.72	+0.9	3.57	143.40	144.33	94.00	128.09	139.51	144.63	117.39	132.95
Austria (17)	164.88	-0.4	167.09	107.51	147.44	147.47	-0.2	1.32	165.53	166.61	108.51	147.85	147.70	187.13	131.16	139.75
Belgium (42)	147.24	-0.2	149.21	96.00	131.66	133.80	+0.9	4.28	147.48	148.44	95.86	131.72	132.56	156.76	131.13	141.56
Canada (108)	125.48	-0.3	127.18	81.91	112.20	118.03	-0.2	2.84	125.84	127.47	83.01	113.11	119.22	130.38	111.41	125.25
Denmark (33)	212.43	+0.4	215.28	138.51	189.96	204.19	+1.7	1.11	211.82	212.99	138.72	189.01	200.75	225.84	185.11	226.72
Finland (23)	109.82	+2.4	111.29	71.57	98.29	135.93	+2.8	0.88	107.23	107.99	70.33	95.83	132.28	109.97	68.50	69.35
France (97)	160.04	-0.4	162.19	104.34	143.10	151.82	-0.1	3.04	160.65	161.70	105.38	143.48	151.95	167.38	142.72	155.20
Germany (60)	120.36	+1.8	121.97	78.49	107.63	107.63	+1.8	1.97	118.21	118.98	77.50	105.59	105.59	120.36	101.56	113.64
Hong Kong (55)	291.25	-0.3	295.15	189.90	260.45	289.88	+0.3	3.28	292.21	294.11	191.54	261.01	290.76	301.51	218.82	242.87
Ireland (15)	163.95	-0.7	166.15	106.90	146.61	170.18	-0.8	3.27	165.18	166.24	108.26	147.52	171.24	170.40	129.28	154.58
Italy (70)	72.00	-1.3	72.97	46.94	64.38	87.14	-1.0	1.67	72.93	73.41	47.80	65.14	88.05	72.93	53.79	62.97
Japan (470)	162.43	-0.8	164.61	105.91	145.27	105.91	-0.3	0.79	161.07	162.12	105.56	143.89	105.56	162.43	100.75	88.02
Malaysia (69)	382.58	-0.1	387.44	236.41	324.22	356.61	+0.0	1.91	363.03	365.39	237.94	324.24	356.74	384.55	251.68	237.14
Mexico (19)	1650.71	+1.5	1672.61	1076.31	1476.10	5609.31	+1.4	0.88	1626.89	1637.49	1066.34	1453.12	5530.19	1755.61	1410.30	1385.18
Netherland (24)	173.06	+0.5	175.38	112.84	154.78	153.04	+0.7	3.53	171.96	173.08	112.72	153.60	151.99	173.06	150.39	161.98
New Zealand (13)	57.65	-0.8	58.62	37.72	51.73	55.71	+0.4	4.00	57.42	57.78	37.64	51.28	53.47	57.99	40.56	43.09
Norway (22)	171.78	+2.8	174.09	112.01	153.62	174.53	+3.0	1.51	167.13	168.22	109.56	149.28	169.40	171.78	137.71	153.45
Singapore (38)	269.17	-0.2	272.77	175.51	240.69	199.64	-0.1	1.72	269.84	271.40	176.75	240.93	199.74	269.84	207.04	190.58
South Africa (60)	198.21	+0.1	200.86	129.23	177.24	203.18	-0.4	2.52	197.97	199.26	129.77	176.82	204.02	215.29	144.72	192.17
Spain (43)	122.55	+1.0	124.19	79.91	109.58	132.35	+1.8	4.41	121.28	122.07	79.50	108.33	130.02	122.82	115.23	133.97
Sweden (36)	185.75	+0.8	188.24	121.12	166.11	224.39	+1.9	1.50	184.29	185.49	120.81	164.61	220.10	187.21	148.70	182.41
Switzerland (50)	129.77	-1.4	131.51	84.62	116.06	122.97	+1.5	1.77	128.03	128.87	83.93	114.37	121.21	130.81	108.91	110.72
United Kingdom (218)	179.68	-0.6	182.06	117.14	160.66	182.06	+0.1	3.84	180.68	181.88	118.43	161.37	181.88	191.99	162.00	177.40
USA (520)	183.72	-0.3	186.18	119.80	164.30	183.72	-0.3	2.78	184.33	185.53	120.83	164.84	184.33	186.27	175.38	170.29
Europe (750)	149.68	+0.1	151.67	97.58	133.84	146.62	+0.6	3.05	149.45	150.42	97.96	133.49	145.72	150.60	133.92	143.69
Nordic (114)	174.10	+1.0	176.43	113.52	155.69	185.39	+2.1	1.34	172.33	173.45	112.96	153.92	181.65	174.86	142.13	187.78
Pacific Basin (714)	165.54	+0.7	167.75	107.94	148.03	112.71	+0.3	1.04	164.32	165.39	107.72	146.77	112.36	165.54	105.89	94.74
Euro-Pacific (1464)	158.90	+0.5	161.03	103.60	142.08	128.60	+0.4	1.92	158.09	159.12	103.62	141.20	128.15	158.90	117.39	114.54
North America (628)	150.10	-0.4	152.11	97.87	134.22	149.69	-0.3	2.79	180.74	181.91	118.49	161.48	179.89	182.38	171.51	167.47
Europe Ex. UK (532)	130.71	+0.8	132.46	85.24	116.91	125.88	+0.8	2.62	129.90	130.75	85.17	116.05	124.70	131.01	112.51	123.15
Pacific Ex. Japan (244)	195.81	-0.1	198.45	127.68	175.11	181.52	+0.3	3.05	196.82	198.11	129.03	175.81	181.51	196.52	157.34	171.33
World Ex. US (1651)	159.06	+0.5	161.21	103.73	142.25	128.65	+0.4	1.84	158.32	159.35	103.79	141.42	128.14	159.08	118.51	116.54
World Ex. UK (1954)	164.97	+0.2	167.18	107.57	147.54	142.20	+0.1	2.03	164.55	165.62	107.87	146.99	142.02	164.97	134.22	129.83
World Ex. So. Af. (2111)	166.18	+0.2	168.41	108.37	148.62	145.20	+0.1	2.18	165.89	166.97	108.75	148.18	145.13	166.18	137.29	133.42
World Ex. Japan (1701)	170.50	-0.1	172.78	111.19	152.48	167.91	+0.0	2.87	170.79	171.84	111.93	152.52	167.83	171.18	157.47	159.04
The World Index (2171)	166.29	+0.2	168.51	108.43	148.71	145.82	+0.1	2.18	165.89	167.07	108.81	148.27	145.63	166.29	137.32	133.76

Latest prices were unavailable for this edition.

LONDON SHARE SERVICE

BRITISH FUNDS

[illegible]

BRITISH FUNDS - Cont.

[illegible]

OTHER FIXED INTEREST

[illegible]

Continued on next page

AMERICANS

	Notes	Price £	+ or -	1993 high	1993 low	Mkt Cap£m	Yld Gr's
Abbott Labs		15[illegible]xd	+[illegible]	20[illegible]	15[illegible]	13,338	2.9
Alleghany & W.	♥	700p	-8	722p	399p	363.8	2.6
Amdahl		356p	—	593p	302½p	399.8	0.0
Amer Cyanamid		32	-[illegible]	38[illegible]	31[illegible]	2,885	3.7
Amer Express		22¼xd	+[illegible]	22[illegible]	14[illegible]	10,948	5.9
Amer T & T		42[illegible]xd	-¼	43[illegible]	33[illegible]	56,686	2.1
Ameritech		55[illegible]	-[illegible]	59[illegible]	48	24,484	4.5
BankAmerica		31[illegible]xd	-[illegible]	38[illegible]	27[illegible]	11,285	3.8
Bankers NY		54[illegible]xd	+[illegible]	54[illegible]	42[illegible]	4,369	3.8
Bell Atlantic		35[illegible]	-[illegible]	40[illegible]	32[illegible]	17,214	4.5
BellSouth		38[illegible]	+[illegible]	39[illegible]	32[illegible]	19,833	4.9
Bethlehem Steel	♥	9[illegible]xd	+[illegible]	13[illegible]	8	871.1	-
Bowater		1384pxd	+33	1082p	1287p	501.8	2.9
CPC		28[illegible]xd	+[illegible]	34[illegible]	25	4,297	3.8
California Engy		1232p	—	1479p	1088p	224.3	-
Chase Manhattan		27[illegible]xd	+[illegible]	24½	17[illegible]	3,087	3.4
Chrysler		28[illegible]xd	+[illegible]	32[illegible]	21[illegible]	8,589	1.4
Citicorp		22[illegible]xd	+[illegible]	22[illegible]	13[illegible]	8,087	-
Colgate-Palm		38[illegible]xd	-[illegible]	45[illegible]	32[illegible]	5,199	3.8
Cont'l Bank		1695p	—	1877p	1276p	1,872	2.4
Dana		36[illegible]xd	+[illegible]	37[illegible]	28[illegible]	1,690	2.9
Data General		555p	-8	961p	527p	183.1	-
Decora Inds	♥	113p	+½	148p	109p	—	-
Dun & Brad		40[illegible]	+[illegible]	42[illegible]	37[illegible]	7,286	4.0
Eaton		30[illegible]	—	31[illegible]	25[illegible]	2,148	2.8
Echlin		19[illegible]xd	-[illegible]	20½	15[illegible]	1,143	2.4
FPL		28[illegible]xd	—	27[illegible]	23[illegible]	4,869	6.2
Ford Motor		35[illegible]xd	+[illegible]	36½	28[illegible]	17,418	1.9
Gen Elect		66[illegible]xd	—	67[illegible]	53[illegible]	57,113	2.5
General Host	♥	572p	+1	722p	513p	—	4.2
Gillette		38[illegible]xd	+[illegible]	42[illegible]	31[illegible]	7,938	1.8
Hasbro		20[illegible]	—	20[illegible]	20[illegible]	1,818	0.8
Honeywell		25[illegible]xd	+[illegible]	28½	20[illegible]	3,459	2.4
Houston Inds		30[illegible]	-[illegible]	33[illegible]	28[illegible]	3,982	6.5
Ingersoll-Rand		24xd	-[illegible]	25	19[illegible]	2,507	2.0
Lockheed		43[illegible]	+[illegible]	46[illegible]	35[illegible]	2,576	3.3
Lowe's		2814p	+72	2861p	1573p	1,907	6.8
Maxtor Technology		330p	+40	330p	127p	—	-
Merrill Lynch		60½xd	+½	60½	37	6,217	1.5
Morgan (JP)		49[illegible]xd	—	49[illegible]	38[illegible]	9,448	3.3
Morris (Philip)		31[illegible]xd	+[illegible]	52[illegible]	28[illegible]	27,550	5.8
NYNEX		61[illegible]	-[illegible]	64[illegible]	52[illegible]	12,754	5.1
Pall		12[illegible]	+[illegible]	15	10[illegible]	1,406	1.8
Pennzoil		48[illegible]xd	+[illegible]	56[illegible]	31[illegible]	1,858	4.4
Quaker Oats		44[illegible]xd	+[illegible]	50[illegible]	39[illegible]	3,226	2.9
Questor		129p	+34½	229p	16½p	13.4	-
Rockwell		23¼xd	-[illegible]	23[illegible]	18[illegible]	5,099	2.9
Rep NY		36[illegible]xd	+[illegible]	27[illegible]	20[illegible]	1,897	2.0
Sears, Roebuck		36[illegible]	+[illegible]	36[illegible]	18[illegible]	9,533	2.9
Sthwestern Bell	h	28½	+[illegible]	25½	23[illegible]	17,082	0.6
Sun Co.		17[illegible]xd	-[illegible]	21[illegible]	14[illegible]	1,803	9.8
Tenneco		34[illegible]xd	+[illegible]	34[illegible]	25½	5,843	3.1
Texaco		42[illegible]xd	+[illegible]	44[illegible]	37[illegible]	11,118	5.0
Time Warner		25[illegible]xd	—	28[illegible]	18[illegible]	9,586	9.6
Unilab	♥	470p	-8	494p	358p	214.8	-
US West		31¼	-[illegible]	31¼	24[illegible]	12,951	4.8
Varity		2458p	—	2458p	1888p	742.7	-
WMX Technologies		20[illegible]xd	-[illegible]	27[illegible]	19[illegible]	9,871	2.0
Whirlpool		4433pxd	-2	4485p	2824p	3,098	1.8
Woolworth	♥	18[illegible]	+[illegible]	31½	18½	2,192	4.7

CANADIANS

	Notes	Price £	+ or -	1993 high	1993 low	Mkt Cap£m	Yld Gr's
Abbot Energy	♥	2p	—	2p	2p	—	-
Amer Barrick		1876p	-17	1888p	890½p	4,777	8.3
Bk Montreal	h	14[illegible]	+¼	14[illegible]	11[illegible]	3,511	4.8
Bk Nova Scot		1414p	+1	1435p	1111p	2,953	4.8
BC Gas	♥	861p	-6	867p	723p	—	3.5
BCE		23	-[illegible]	28[illegible]	20[illegible]	7,044	5.7
Bracan	♥	714p	-2	721p	454p	588.8	7.3
Breakwater	♥	9[illegible]p	—	16½p	9[illegible]p	6.12	-
Can Imp Bk		1722p	+18	1749p	1220p	3,578	3.8
Can Pacific		1180p	-20	1136p	810p	3,608	1.5

[illegible]

BANKS

[illegible]

BREWERS & DISTILLERS

[illegible]

BUILDING MATERIALS

[illegible]

BUILDING MATERIALS - Cont.

[illegible]

BUSINESS SERVICES

[illegible]

CHEMICALS

[illegible]

CONGLOMERATES

[illegible]

CONTRACTING & CONSTRUCTION

[illegible]

ELECTRICALS

[illegible]

ELECTRICITY

[illegible]

ELECTRONICS

[illegible]

ENGINEERING-AEROSPACE

[illegible]

ENGINEERING-GENERAL

[illegible]

ENGINEERING-GENERAL - Cont.

[illegible]

FOOD MANUFACTURING

[illegible]

FOOD RETAILING

[illegible]

HEALTH & HOUSEHOLD

[illegible]

HOTELS & LEISURE

[illegible]

HOTELS & LEISURE - Cont.

[illegible]

INSURANCE BROKERS

[illegible]

INSURANCE COMPOSITE

[illegible]

INSURANCE LIFE

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS - Cont.

[illegible]

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

[illegible]

INVESTMENT COMPANIES

[illegible]

MEDIA

[illegible]

MERCHANT BANKS

[illegible]

METALS & METAL FORMING

[illegible]

MISCELLANEOUS

[illegible]

MOTORS

[illegible]

OIL & GAS

[illegible]

OIL & GAS - Cont.

[illegible]

OTHER FINANCIAL

[illegible]

OTHER INDUSTRIALS

[illegible]

PACKAGING, PAPER & PRINTING

[illegible]

PACKAGING, PAPER & PRINTING - Cont.

[illegible]

PROPERTY

[illegible]

STORES

[illegible]

STORES - Cont.

[illegible]

TELEPHONE NETWORKS

[illegible]

TEXTILES

[illegible]

TRANSPORT

[illegible]

WATER

[illegible]

SOUTH AFRICANS

[illegible]

PLANTATIONS

[illegible]

MINES

[illegible]

MINES - Cont.

[illegible]

Emeys Intl IE ....☆□	6¼	-¼	6¼	3¼	6.67	-
Europa Minls. .... N□	39	...	42	15	18.8	-
Glencar Expl IE ....‡‡	11	.....	12	8	2.03	-
Greenwich Res .... ♣□	14½	...	22¾	5	11.3	-
Hemlo Gold C$	£8¼	..	£8⅝	£3½	653.2	1.4
Ivernia West IE ....‡‡□	42	.	57	31	21.1	-
Kells Minls IE. ....‡‡	12	...	12	6	0.29	-
Kenmare ....☆□	8¾	.....	13½	6	6.70	-
Malaga Res.	6½	-½	25½	8½	0.94	-
Navan Res IE...........♣	87	+5½	180	25	14.8	-
5pc Ln Notes.	87	+½	84¾	25	15.7	-
Oryx Gold	76¾	.....	76¾	47	-	-
‡‡Ovoca Res IE	8	.....	8	3½	0.56	-
RTZ ....♣N□	686	-3	709	607	7,088	3.8

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ)
- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- Φ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ Free annual/interim report available, see details below
- ☆ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities
- ‡‡ Not officially UK listed, dealings permitted under Rule 535(2)
- # Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
o Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v Not subject to ACT.
x Dividend yield includes a special payment
E Auction basis
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1993.
K Yield based on prospectus or other official estimates for 1992-93
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94
N Figures based on IIMR 'Headline Earnings' draft proposals.
P Figures based on prospectus or other official estimates for 1994
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue,
xr ex rights;
xa ex all;
xR ex capital distribution.

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FINANCIAL TIMES
Weekend August 14/August 15 1993

US move suggests full-scale inquiry to be launched

FBI demands GM files in VW 'spying' row

By Christopher Parkes in Frankfurt

THE US Justice Department has stepped up its investigation of the industrial espionage conflict between General Motors and Volkswagen with a demand to see all GM documents relating to the case, officials representing the US group said yesterday.

Federal Bureau of Investigation officers have sent a three-page list of requests for documents, including all GM affidavits, files, notes to file and telephone records.

"There are box-loads of the stuff," said an official at Adam Opel, GM's German subsidiary.

The move will come as a further blow to Volkswagen, which has been under the shadow of possible legal action against its production director, Mr José Ignacio López de Arriortúa, since German investigators started a similar formal probe in May.

That investigation appears to be moving rapidly forward. Public prosecutors in Darmstadt interrogated Mr Daniel Goeudevert, a former VW board director, on Thursday this week. Although removed from the board early last month, he was likely to have been well-informed on Mr López's abrupt switch from GM in mid-March.

His interrogation suggests that Mr Ferdinand Piëch, VW chairman, and other top executives, may be called shortly. Mr López and three colleagues also under suspicion of espionage, theft and fraud, are most likely to be questioned last, lawyers say.

The US move suggests that the FBI, which started examining the case in July and only later informed GM, is launching a full-scale inquiry. This could lead to employees of VW and GM being summoned for questioning in Washington.

The basis of the Justice Department probe is not known, but there have been persistent reports from the US that it wants to examine the VW/Opel issue as a possible test case in a clamp-down on international industrial espionage.

Lawyers familiar with US intellectual property law say the FBI's demands, and evidence and allegations to emerge from a similar German investigation, suggest suspected wire or mail fraud would be the most likely line of inquiry.

A catch-all section of the US criminal code forbids the use of postal and telecommunications networks – inside and outside the US – for illegal purposes including "violations of obligations of loyal and fruitful service" to an employer.

Penalties include imprisonment and heavy fines, generally calculated as multiples of the estimated damage to the aggrieved party or benefit to the perpetrators. The fines can apply to companies as well as individuals.

Israel accepts direct talks with PLO on Mideast peace

By David Horovitz in Jerusalem

ISRAEL will for the first time hold face-to-face talks with negotiators openly representing the Palestine Liberation Organisation when the next round of the Middle East peace process opens in Washington, probably at the end of this month.

The Israeli government's resistance to direct talks with the PLO finally crumbled yesterday. Members of Mr Yitzhak Rabin's cabinet confirmed that Israel would continue the negotiations despite the decision by PLO leaders in Tunis to appoint seven members of the Palestinian peace talks delegation to an official PLO leadership committee.

All parties to the talks have been invited by the US and Russia, the joint sponsors, to resume talks on August 30, but the Arab response will not be known until later this month.

Mr Shimon Peres, Israel's foreign minister, claimed yesterday that the appointments of key Palestinian negotiators – including Mr Faisal Husseini, Mrs Hanan Ashrawi and Mr Haider Abdel Shafi – to the PLO committee was of little significance. "For us, it doesn't matter," he said. "It's the same members of the delegation, the same names, the same people, the same procedure."

But Israel's decision not to protest about the appointments and to resume talks with Palestinians now formally part of the PLO leadership constitutes a marked change in policy.

The previous Israeli government, led by the hardline Likud party, agreed to talk directly only to Palestinians who had no formal PLO role.

"We tried to build a wall between Palestinian residents of the territories and PLO Tunis [where the organisation is based]," Mr Yitzhak Shamir, the former prime minister, recalled yesterday. "This government has destroyed the wall."

Earlier this week, when Mr Husseini, Mrs Ashrawi and a third Palestinian negotiator, Mr Saeb Erakat, threatened to resign from the peace delegation in protest at their limited influence over policy positions, Mr Rabin warned Mr Yassir Arafat, the PLO leader, not to consider replacing them with PLO figures.

By keeping the delegation intact but giving its members official PLO status, Mr Arafat appears to have outmanoeuvred Mr Rabin, who would clearly rather swallow the change and play down its importance than risk torpedoeing the direct talks.

Most Israelis probably share Mr Shamir's belief, expressed yesterday, that the PLO remains "a terrorist organisation" bent on Israel's destruction.

But they have also witnessed the rise of the radical Hamas Islamic fundamentalist movement in the occupied territories. Many have realised, along with Mr Rabin, that it might be better to sit down now with PLO leaders pressing for a state alongside Israel than risk the PLO's replacement by Hamas leaders openly pledged to wiping Israel off the map.

NatWest considers selling off mortgages

Continued from Page 1

-ers not being able to meet monthly payments. He said the bank had not yet decided when or in what form to securitise mortgages. It was writing to customers but as a courtesy, as they had already signed clauses authorising securitisation when they took out their loan.

Although some £10bn of mortgage-backed securities have been issued in the UK since 1987, the biggest lenders have largely avoided it. Some building societies are working on the technique.

NatWest's mortgage lending has risen by £1.2bn to £10.2bn over the past year.

Barclays is known to be working on securitising both US and UK mortgages through its BZW securities arm. Midland has also altered the terms of mortgages to allow it to securitise them, but said yesterday that it had no plans to do so. Mr Ferrett said NatWest was willing to securitise fixed and variable rate mortgages. However, it had chosen a cross-section of customers whose mortgages were easily converted because they were simple.

In order to securitise the mortgages, NatWest must set up an independent company which could buy the mortgage portfolio and then issue securities.

NHS cuts 'costing drug groups jobs and exports'

By Paul Abrahams

GOVERNMENT attempts to cut National Health Service spending on drugs have cost thousands of jobs and hundreds of millions of pounds of exports, according to pharmaceuticals groups operating in the UK.

The measures – including the surprise extension of the blacklists of products no longer available on prescription and a 2.5 per cent price cut – have undermined drugs companies' confidence in the stability of the British market, they say.

Manufacturing investment has been particularly affected, they claim. Imports of drugs into the UK are already increasing more rapidly than exports, although there is still a trade surplus of £1.3bn.

Mr Mike Wilson, the managing director of Cyanamid UK, a subsidiary of American Cyanamid, said: "The extension of the selected lists [blacklists] is disastrous. It is hitting some companies extremely hard, affecting investment, jobs and exports, while generating little financial gain for the Treasury."

The government's measures are aimed at keeping under control NHS drugs expenditure which was £3.4bn last year and increased 14 per cent.

Groups that have deferred or decided against investment in Britain after the announcement of government measures include:

- Parke Davis, a subsidiary of the US group Warner Lambert, which announced this year it planned to move most production from Pontypool, south Wales, to the US or continental Europe within three years. Staff at Pontypool will be cut from 1,000 five years ago to 300.
- Lundbeck of Denmark, which bought a 20 acre site at Seal Sands near Middlesbrough at the beginning of the year, has now frozen development. The board is now looking at building at another location outside the UK, after the introduction of the limited lists. All production from Seal Sands would have been exported.
- E. Merck, the German group which, according to the independent industry newsletter Scrip, might have made an investment of more than £100m, generating 200 jobs at Pontypool, has been lost to the continent because of the limited list.
- Syntex of the US, which is closing its finished product plant at Iver, Buckinghamshire. Most production is being diverted to Spain.
- Cyanamid which has frozen development of a 28-acre site acquired last year at Gosport in Hampshire. The company was forced this week to halve the price of Traxam, an anti-inflammatory product with UK sales last year of £10m, to avoid it being blacklisted.

THE LEX COLUMN

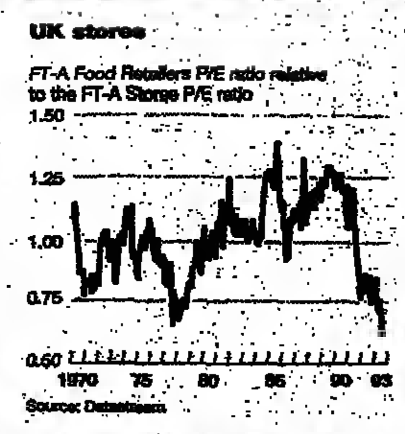
Rights curtailed

In contrast to the late 1980s, there are not many company chairmen grumbling that their shares are undervalued. In a week when the FT-SE 100 index broke the 3,000 barrier, industrialists were distinctly downbeat. Companies which have reported recently have not shown much sign of economic upturn, and there are clearly risks that the September interim reporting season will be disappointing.

There is also the possibility that companies will view the recent market rally as an opportunity to raise cheap equity through rights issues. Some £7bn was raised in the first half of the year, putting 1993 on course to top the record £10.7bn raised in 1991. Admittedly, the current quarter has been quiet, but that can be explained both by the summer lull and the backwash from the large BT3 and Zeneca issues.

Yet the number of companies which may seize the opportunity is dwindling. Balance sheets have strengthened markedly since 1989 – average gearing has fallen from 36 per cent then to 22 per cent now. Of those which want funds, it seems that the only companies who have not had a rights issue are those who have had two. Banks passed up the opportunity this time, some insurers and property companies came in the first half and many of the consumer companies swinging back into fashion have no great need for funds. Cyclical engineers and some hotel and leisure companies remain the most likely candidates. Even those issues which do come seem unlikely to trouble the market. Interest rate cuts, rising gilts and a search for yield are driving shares hard, though the nervous may suspect too hard.

FT-SE Index: 3010 (+1.0)



Unilever

Unilever's shareholders glancing quickly at yesterday's results must be wondering what the brands rumpus is all about. They have seen their shares slump by 17 per cent since Marlboro Friday. Yet in unhelpful markets, Unilever showed good sales volume gains in its first half and an encouraging 0.1 percentage point advance in operating margins to 8.8 per cent. While it is flattered by currency gains, a 21 per cent increase in sterling earnings hardly suggests a consumer goods business in secular decline.

A closer inspection, though, reveals a slippage of both US and European operating margins. The difficult question is whether this is temporary or presages a more ominous trend. The current squeeze may result from one-off pressures as recession grips mainland Europe and Procter & Gamble makes a splash in detergents in the US. Investors seem likely to suspend judgment until the smoke clears from the battlefield.

Unilever may be able to rehabilitate itself with the market if it demonstrates more aggressive growth in emerging economies, where sales and margins continue to rise strongly. The company currently derives about 20 per cent of sales from what it calls the rest of the world. With interest cover of 14 times, Unilever is certainly in a fine position to exploit further opportunities. If investors do come round to the view that consumer goods companies have been oversold, those manufacturers with big exposures to developing markets should be among the first to gain. Along with Nestlé and CPC International, Unilever would then find particular favour.

Property

Surging UK equity and bond markets and hints of lower interest rates have created another ripple of excitement in property. With yields on most assets now falling sharply, the 9 per cent yield apparently still on offer is attractive. Investors able to buy prime properties with long leases, secure tenants and upwards-only rent reviews may earn higher returns than from almost any other asset class over the next few years.

Theoretically, property shares should be highly geared to a recovery in capital values. This helps explain the sector's continued popularity despite its mere 4 per cent yield. There is a danger, though, that property shares are running way ahead of themselves. The recent rash of rights issues has only reduced gearing. Moreover, it will be difficult for companies to buy attractive properties since sellers are scarce in a rising market.

Property companies may be tempted to buy secondary locations. But such sites are by definition risky. Any large interest rate rises would expose them horribly. Capital values are unlikely to be underpinned by private buyers because of the banks' reluctance to lend. The hope must be that rising rents will push up capital values. But that prospect remains hazy, considering the vast glut of secondary property still on the market. The latest data suggests rental values are still continuing to fall.

UK stores

The depression in UK food retailing shares this year has been matched only by that of the drug companies. There are short term explanations for this – food retailers are defensive companies in a market obsessed by potential recovery shares. Low inflation hurts food retailers because they are much more dependent than other stores on rising prices for growth. Yet the fall is too great to be fully explained by such factors. Food shares now stand at a 25 year low compared with stores, a level which was only approached during the price battles of the late 1970s.

What the chart really shows is that investors are anticipating a disaster in food retailing. There is a fear that a combination of competition from discount chains and consumer resistance to high margins may spark a price war between the superstore operators, which would cut their selling margins and undermine the value of their extremely expensive sites.

Unfortunately, superstores cannot compete fully against the discounters on price because cutting prices that far would eliminate profits. Their strategic options are thus limited, and they are trying to preserve their margins with other marketing tricks. But a price war cannot be ruled out if superstore sales volumes start to sag and cash flows weaken. The current sector valuation is a balance between the probability of a mild rerating if these fears evaporate and the outside possibility of a collapse in margins, profits and asset values. That outside chance may be enough to keep buyers at bay, unless the news improves.

FT WORLD WEATHER

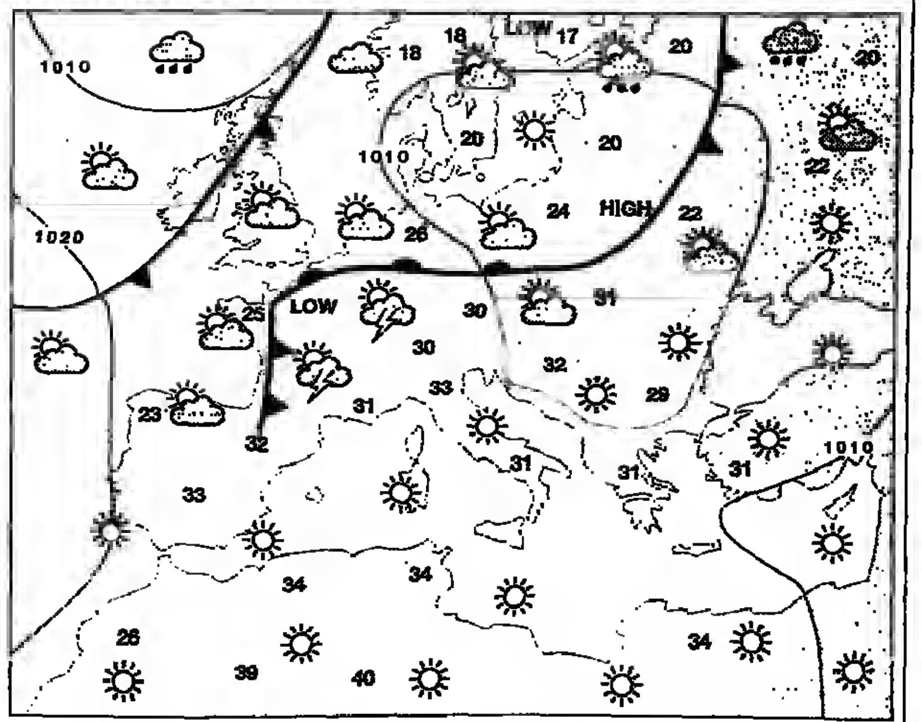
Europe today

A high pressure area over Poland will cause a weak southerly air flow over the north-western part of the Continent. Temperatures will rise to 25C-30C in central and eastern France, the Alps, the Benelux countries and much of Germany. At the same time, thundery disturbances are likely to develop over France and will move north-east late in the day. It will continue warm and sunny around the Mediterranean.

Along the Aegean coast, an increasing northerly wind will bring a refreshing change. Scandinavia will also benefit from the high over Poland. It will be mainly sunny with moderate temperatures. Rain and showers along with locally windy conditions can be expected in northern parts due to a depression over Finland that will move east.

Five-day forecast

Unsettled weather will shift mainly to Scandinavia, while it will continue rather warm with scattered thundery showers during the same time over the main part of the Continent. A depression in the Biscay will cause more unsettled weather after the weekend in northern Spain and western France. The UK will become sunnier and warmer.



Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

Maximum Celsius

Abu Dhabi	sun	41
Accra	shower	28
Algiers	sun	34
Amsterdam	fair	23
Athens	sun	32
B. Aires	fair	22
B.ham	fair	20
Bangkok	rain	32
Barcelona	sun	28
Beijing	cloudy	31
Belfast	shower	18
Belgrade	sun	32
Berlin	fair	27
Bermuda	fair	31
Bogota	fair	19
Bombay	rain	31
Bordeaux	thund	25
Brussels	fair	25
Budapest	fair	31
C.hagen	fair	20
Cairo	sun	34
Cape Town	sun	15
Caracas	fair	29
Chicago	sun	29
Cologne	thund	25
D' Salaam	shower	28
Dakar	fair	31
Dallas	sun	38
Darwin	sun	32
Delhi	cloudy	35
Dubai	sun	40
Dublin	shower	19
Dubrovnik	sun	32
Edinburgh	cloudy	19
Faro	sun	27
Frankfurt	thund	30
Geneva	fair	30
Glasgow	cloudy	17
Hamburg	fair	24
Helsinki	shower	18
Hong Kong	shower	31
Honolulu	fair	31
Isle of Man	cloudy	17
Istanbul	windy	25
Jersey	fair	22
Karachi	fair	33
Kuwait	sun	44
L. Angeles	fair	22
La Paz	sun	19
Las Palmas	fair	28
Lisbon	fair	26
London	fair	23
Lux.bourg	thund	28
Lyon	fair	32
Madeira	fair	26
Madrid	sun	33
Majorca	sun	32
Malta	sun	32
Manchester	fair	18
Manila	rain	30
Melbourne	rain	12
Mexico City	shower	23
Miami	thund	33
Milan	sun	32
Montreal	fair	28
Moscow	rain	20
Munich	fair	30
Nairobi	fair	27
Naples	sun	32
Nassau	fair	33
New York	fair	29
Nice	sun	25
Nicosia	sun	35
Oslo	fair	20
Paris	thund	26
Perth	fair	18
Prague	fair	28
Rangoon	cloudy	29
Reykjavik	rain	13
Rio	fair	24
Riyadh	sun	42
Rome	sun	30
S. Frsco	fair	20
Seoul	cloudy	29
Singapore	shower	32
Stockholm	fair	21
Strasbourg	fair	33
Sydney	cloudy	22
Tel Aviv	sun	32
Tokyo	rain	24
Toronto	fair	27
Tunis	sun	34
Vancouver	shower	21
Venice	sun	30
Vienna	shower	29
Warsaw	fair	24
Washington	fair	30
Wellington	fair	12
Winnipeg	fair	22
Zurich	fair	30

Weekend FT

SECTION II

Weekend August 14/August 15 1993

By coal barge through Europe's heart

WHEN Jan Veldman, somewhere on the Rhine River between Dusseldorf and Cologne, told me he was hauling 1.5m kilos of coal, I began to realise I was slightly out of my league. We were talking big boat here.

I could not actually see his barge, the *Vecht*; I was sitting in Bonn, watching fat drops of rain hit car rooftops outside and chatting to Jan over a scratchy radio-telephone link. Nor, in my mind's eye, could I visualise that much coal. But the figure helped to put things in perspective.

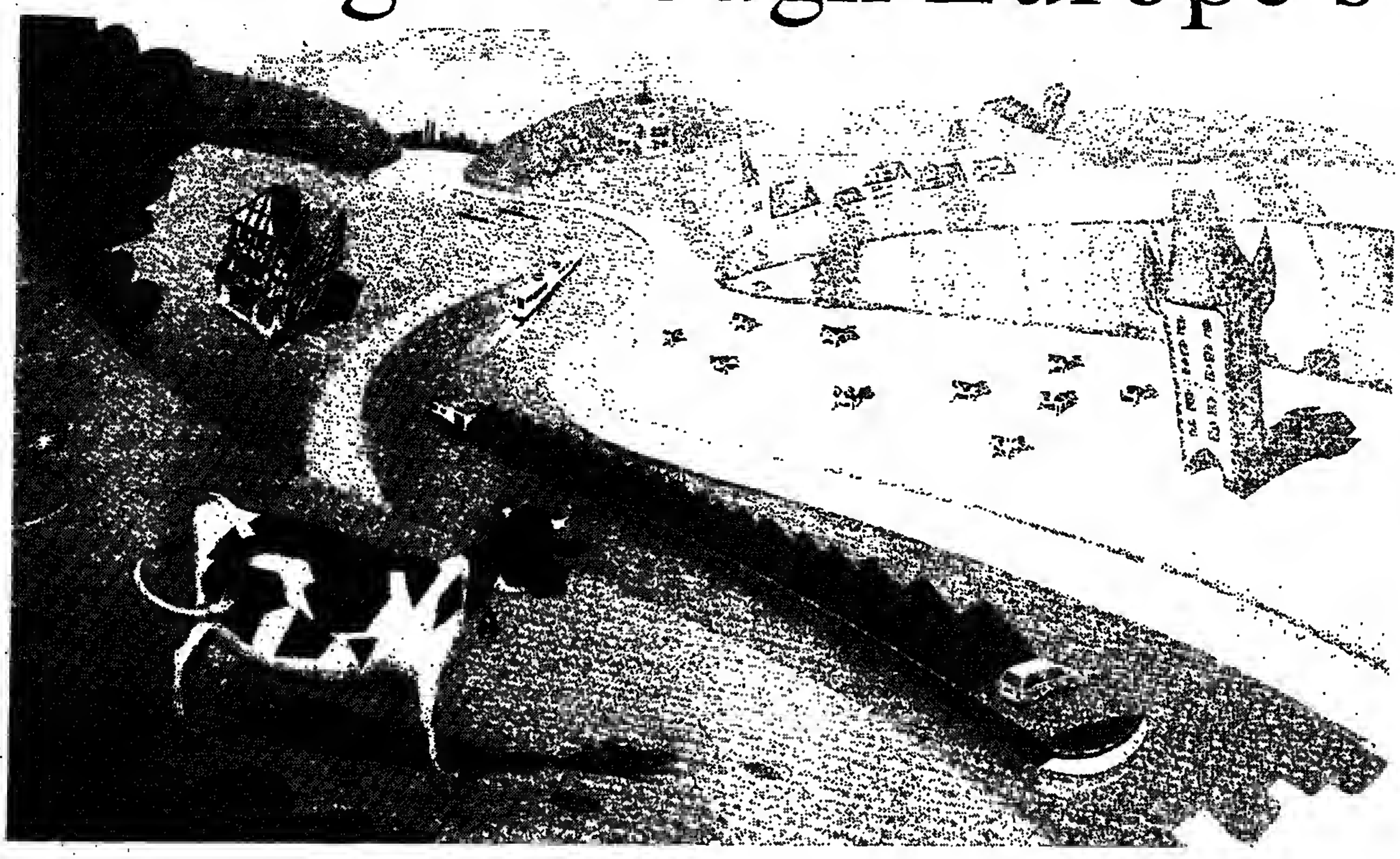
I have a 17-metre narrowboat on London's Regent's canal and, as English canal boats go, consider it large. I find, though, that just a couple of bags of heating coal, 25 kilos or so, cut down considerably on my living space in winter – I have to pile it under my galley table. But where on any canal boat, for heaven's sake, can you pile 60,000 times that amount, 1.5m kilos of the stuff, without it getting seriously underfoot? I was interested to see what kind of craft the *Vecht* might be.

I did not hold my breath. The *Vecht* may be capacious, but no one has yet built a coal barge for speed. The trip from Dusseldorf to Bonn by car takes just one hour. Pushing a heavy cargo upstream at a stately rate of 9kph – a brisk walking pace – the *Vecht* took 12 times as long. Slow boats would have been in China sooner.

But Jan Veldman is nothing if not punctual. A few minutes before noon the next day I was standing under quayside cranes at Grau Rheindorf, Bonn's river port, where we had agreed on a mid-day rendezvous. The cranes dripped, the sky drizzled. There was not a great deal to see. Some 300m across the river I could make out the trees and flat green fields of the far bank. Gurgling and sighing as it surged past the quay, the Rhine emerged upstream from a dull grey mist, only to disappear back into it further down.

At precisely noon the square bows of a hull loomed into view and moved slowly up-river alongside the quay. The bow of the boat passed me, a Montega estate wagon parked on its foredeck. The low, narrow length of the barge came on, and on – and kept on coming, a seemingly endless succession of small hills of piled coal sliding by me. I tumbled aboard, the *Vecht* swung back into the oncoming current, and we were away.

It seemed a long stroll to the raised wheelhouse and living quarters on the stern of the barge. I now understood why Jan did not have to clutter up his galley the way I did mine. The *Vecht* is just a shade under the length of a full-size soccer pitch. You can put a lot of coal into a floating steel bin 4m deep, 10m wide and 109m long.



***Nicholas Woodsworth** took a slow boat up the Rhine and watched the castles, vineyards and great industries roll past*

I had expected the *Vecht* to be a battered old vessel covered in grime and black dust. Jan Veldman would be cheery enough, I thought, a ham-fisted, hard-living bargee, a rough-polished truck driver of the waterways. Neither assumption was anywhere near the truth.

With the general proportions of a pencil, the *Vecht* could not be called graceful. But she was as well-kept and efficiently run as a Cunard liner. She was almost as *clean* as a Cunard liner. My shoes came off at the door to the wheelhouse. Like everyone on board I used a pair of rubber clogs outdoors and exchanged them for bedroom slippers in the spotless interior.

On modest river trips of my own through the English countryside I find that even the simplest operation requires many hands to cope with bow lines, stern lines, lock gates, boat hooks and tiller. How many crew were needed for this leviathan, I wondered. Eight? Ten? But no, here on the world's busiest inland waterway, everything from 200m locks to blind navigation in thick fog was handled by just three people.

The difference is that I am a clumsy amateur and these were lifelong professionals. None of them, however, remotely resembled my vision of the picaresque bargee. Sender Bosch, the *Vecht*'s deckhand, looked like a 17-year-old student, which is what he is – anytime he is not hosing down decks, sandpapering or painting, he is studying for the series of tough exams that will eventually allow him to become a Rhine barge captain.

His skipper, Jan Veldman, was indeed cheerful, but entirely failed in the tough-guy category. Behind gold-rimmed glasses his face was mobile and expressive. His hands were well-manicured, his trousers neatly pressed. He looked like an academic on holiday.

The third member of the crew looked even less swash-buckling. Wearing a dark skirt and flowered blouse, her bespectacled eyes focused on her sewing, Mrs Veldman cut a comfortingly maternal figure. She *should*: she is the mother of six children. Like most barges on the Rhine, where 16-hour days discourage overtime wages and the growth of company fleets, the *Vecht* is a mom-and-pop family operation.

Seen from mid-stream of the Rhine, Germany is a much prettier country than from the autobahn or the railway. As we slowly beat our way upriver past Bad Godesburg and Koningswinter, Remagen and Linz, there were all the signs of a traditional rural past – fields and cows, stretches of forest, old towns with half-timbered buildings and tall church spires.

But there was no getting away from the fact that we were in the heart of the European powerhouse, a highly industrialised country in the middle of a crowded continent. If the slumbering castles and vineyards of the Rhine strike a note of Gothic romantic tradition, the storage tanks and cooling towers, industrial parks, container terminals, electricity pylons and atomic energy plants that lie along the Rhine's banks indicate a more vibrant, contemporary industrial tradition.

I did not have to look as far as the shore to see that the Rhine is a highly developed axis. The river itself throbs with the sound of waterborne goods on the move. Over the next two days there was rarely a moment when the *Vecht* was alone on the river. There were times when I could sweep its surface with binoculars and see some of the river's more leisurely activities – a week-ending sailboat, for example, a cabin cruiser, a kayak, or one of the brightly-painted tour-boats of the Köln-Düsseldorfer line.

More usually, the narrow lanes between the river's bobbing red and green channel markers were packed with the work-horses of the river getting on with their daily business. There are more than 5,000 vessels registered for use on the Rhine. Over a rainy grey afternoon I watched the progress of scores of vessels – boats like the *Korsika*, a German barge carrying a load of scrap metal; the *Barco*, from Zwijndrecht in the Netherlands, with three decks jammed with Ford and Nissan cars; the *Furka*, a container-carrier from Basel, in Switzerland; the *Zenn*, a fuel tanker from Wurzburg so heavily laden that water was lapping her gunnels. And, like the *Vecht* herself, heading south from the Victoria Augusta mine of the Ruhr valley to the power-generating plant of the vast BASF chemical works near Mannheim, there were innumerable coal barges.

For Jan Veldman, this is the only life he knows or cares for. He comes from a line of Dutch bargemen who have worked the rivers and canals of the Netherlands and Germany uninterruptedly for 400 years. In the 17th century his ancestors were transporting peat by horse-drawn barge from the lowlands of the eastern Netherlands to heat homes in Leyden, Amsterdam and Rotterdam. By the 19th century they had changed to steam and moved on to the Rhine, carrying coal and iron ore, bricks and raw materials for the supply of the Ruhr's industrial revolution.

Jan was born on his father's barge, began riverwork as a deckhand at 14, married a barge-skipper's daughter and took over his father's boat at 23. Since 1962 he has made 30 to 40 long-haul trips on the Rhine every year. He can identify hundreds of river boats by sight and knows the Rhine with his eyes closed. Now 45, he hopes that his own son, Johannes, will take over when he retires.

Jan is not a carefree river gipsy, but a man of strong Calvinist principle who believes in family, hard work and individual initiative. What is it, I asked as we sat in a wheelhouse full of complex engine, steering, communication and radar equipment, that keeps him incessantly moving up and down the Rhine? Like most men whose survival depends solely on their own efforts, it is the life of independence that he values.

"I am the director of a company", he told me. "It is only a little company, this boat, but I am its director. I make my own choices and work in my own way. I like the variety of my job. I would no more want to sit behind a ship's wheel all day than I would want to sit behind an office desk all day. I am a mechanic, a navigator, a maintenance man, a businessman." He looked out at the passing scene and smiled. "My life and my job are one thing, but never the same. This is a

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The Long View / **Barry Riley**

The tipster's torment

YOU NAME it, he has a view on it – especially on airline food, but also occasionally on financial markets. Which is why I was puzzled to find my old friend Steve the strategist in an unusually reflective mood when he passed through London this week.

He had a new challenge: he had been invited to take part in one of the round-table investment sessions featured by *Barron's*, the American financial weekly. "Congratulations", I said. "This is your chance to become one of the stars of the US financial media. Peter Lynch and Jim Rogers will eat their hearts out."

Steve frowned. "This is no ego trip", he said. "My presentation must be carefully positioned. My regular professional clients are not going to pay a small fortune in soft dollars for my opinions if they think they can read it all for $2.50, even if that is hard cash. As for my firm, the idea is to boost the sales of our mutual funds arm, not to give away our institutional advice. That hems me in pretty tight."

I observed that investment tipsters are much thinner on the ground in the British media than in the US. That might partly reflect the meagre interest in financial matters in the UK, but perhaps also a native cynicism about motivation. After all, Jim Slater in the *Independent* had been sniped at from all around.

"Sure, from my viewpoint the whole theoretical basis of stock market opinions is complex", said Steve, in his usual model-building manner. "On the conscious plane, practitioners are going to hold something back, and may even deliberately mislead. Subconsciously, too, they may be under pressure to talk their book, even when they don't realise it, which is why investor opinion surveys have to be treated so carefully.

"Ask yourself, why would a professional money manager recite a list of his favourite stocks into a newspaper's tape recorder? The politest thing you can say is that his first loyalty must be to his clients. Therefore you can bet that all his buying programmes have been completed, certainly in the illiquid stocks.

"He would be crazy to spoil the market in his real hot stocks, the ones he is actually buying. So basically he is trying to massage up the prices of his major holdings. It's a small step from there to say that he might be attempting to create some counter-party demand into which he can offload."

Hence, I remarked, the old stock market saying that *"A tip is a tap."* At least, he was under rather less pressure in that his main focus was on markets rather than individual stocks.

"Sure, a mention in a press article isn't going to shift the Tokyo market", said Steve, "but people normally want an individual recommendation or two to focus on. Besides, these days we seem to be promoting emerging markets where there are typically only three or four stocks of any size, one brewery, the president's family construction company and two banks busy laundering the cocaine money."

But allocations to emerging markets were small, I said. Meanwhile there were some quite strong views among professional investors about major markets – for example, that Wall Street was expensive.

"Certainly there are some strong views emerging from the surveys right now", said Steve. "I make a special study of these. I was just this morning looking at a local poll in our London office, Godwins' *Cityscope*, which collates the opinions of leading UK money management houses. It has been highly bullish all year about equities but weak to neutral about gilts. Yet gilts have outperformed. So why have the experts all been wrong?

"The point is", he continued, "such opinion polls must be viewed in a dynamic rather than a static way. Look at it like this: most UK pension funds have 60 per cent of their portfolios in UK equities. The managers *have* to believe the UK equity market is going up, otherwise they logically would be big sellers. At the same time, the exposure to US equities is only 5 per cent, half the neutral weighting. They give Wall Street the thumbs down. But although such surveys claim to tell us about the *future*, they really only tell us about the *past*.

"In fact, the more optimistic the opinion the more dangerous the market risks may have become. When the last bear has turned bullish the market is at its peak. That's how it works with US mutual fund inflows, one of the most famous cyclical indicators. Record inflows tell you that the market is near a high.

"At the other end of the cycle, a mutual fund selling panic tells you that there will soon be real value around. It's when strong opinions change that the real action can happen. Recently, of course, US mutual funds have been selling in unbelievable volume."

So what is Steve going to tell US retail investors?

"Markets are high", he said. "This is not the time to be chasing value to the ends of the earth and winding up in the Colombian stock market. Funnily enough, although it's not really my scene as a strategist, it's a time for stockpickers. Overall market levels may be moving sideways or marginally higher, but just look at the individual stock price movements. Investors put a huge premium on recovery and growth, then withdraw when the earnings numbers disappoint. There are some great trading opportunities, and if I were running portfolios, imagine the advantage of being able to create my own exits."

So would he really be setting out his favourite stocks? Steve shifted awkwardly in his seat.

"Let's say that I have my own agenda. Look at it this way, my firm pays me a lot of money, but readers of newspapers expect something for nothing. Loyalty comes first. If I mention a few stocks, don't be at all surprised if entirely coincidentally there turn out to be some equity underwritings in the next few weeks."

MARKETS

London

The logic behind the euphoria

By Maggie Urry

IT HAS been a week of euphoria in the stock market. The Footsie passed the 3,000 mark with a 34.5 point surge on Wednesday, and managed to keep above that level for the *rest of the week. On four days* out of five the index closed at a new high. The gilt run has also continued.

A wobble on Friday, taking the index below 3,000 again, was reversed before the close with the Footsie eventually rising 1 point on the day to close at 3010.1. This suggests a firm underpinning for the market, even at these dizzy heights.

The motivation for the market has been the prospect of yet lower UK interest rates, and a hastened recovery in the economies of continental Europe following the near break down of the ERM, to which over 60 per cent of UK exports are sent.

That has underpinned corporate earnings forecasts, and for the first time in some years brokers are expecting to use the next results reporting season as a time to raise rather than lower their estimates for the following year.

The most bullish of the leading houses, Nomura Research Institute, which has a forecast of 3,500 for the Footsie by the year end, argues that this represents a 1994 p/e of "only" 15.3, which it regards as reasonable at this stage of the economic cycle.

There is nothing magic about 1,000 steps in the market. But as the chart shows, each time the Footsie has gone past such a milestone it has been at a higher and higher p/e, showing that earnings are not running up with the index. The break through 2,000 came towards the end of an economic cycle, when earnings growth was slowing.

The yield on the market, however, is higher now than it was at the 2,000 level, as dividends have risen as a proportion of earnings.

Economic news has been somewhat mixed this week. While consumer borrowing has continued to rise – suggesting growing degree of confidence – other indicators have been less good.

Unemployment rose in July, for the first time since January. After months when people could not understand why it was falling, a seasonally-adjusted rise of just 200 should not be too much of a worry, and especially as it is a difficult month to adjust for school and college leavers.

Manufacturing output fell quite sharply in June, down 2.1 per cent, more than reversing May's rise of 1.8 per cent. However, in the three months to June output rose 1.4 per cent on the previous three months, and 3.1 per cent over the same three months last year, so the trend is still in the right direction.

What is a touch worrying is the regional survey from the CBI this week, which suggested recovery was faltering in a number of regions, generally those which represent the country's manufacturing heartland.

This has been borne out by some UK companies. Johnson & Firth Brown, the Manchester-based engineers, warned on Wednesday that its profits would fall from its first half to the second because order books were *actually* lower than they were a few months ago. J&FB had been expecting orders to revive.

Meanwhile, BOC Group, the gases company, warned on Tuesday, that the economic recovery in the rest of the world was not coming through as hoped. BOC's news that its profits would be down in the year to September, on Tuesday, may have single-handedly delayed the Footsie's rise through 3,000 for a day.

BOC said that recovery in the US had slowed, in Australia had stalled, and that in the UK was having little effect on its business. Since around half the profits of Footsie companies are made abroad, this is a serious concern.

It also explains why second line stocks have been outperforming the top ones lately. These smaller companies generally have a much lower exposure to the international economy.

News from the inflation front was generally good, though, and this is one of the main supports for the gilt market, and to equities too.

The Bank of England's quarterly report on inflation suggested that it could remain below the 4 per cent target for the next two years, which is about the furthest horizon the markets can see.

Given that the Bank has to fund a £50bn budget deficit this year, it may just be talking its own book. But it is a story that foreign buyers are willing to believe, and the funding programme is so well advanced – 60 per cent done in 4½ months – that the Bank has been able to take a summer holiday, announcing yesterday that there would not be another gilt auction until the latter half of September.

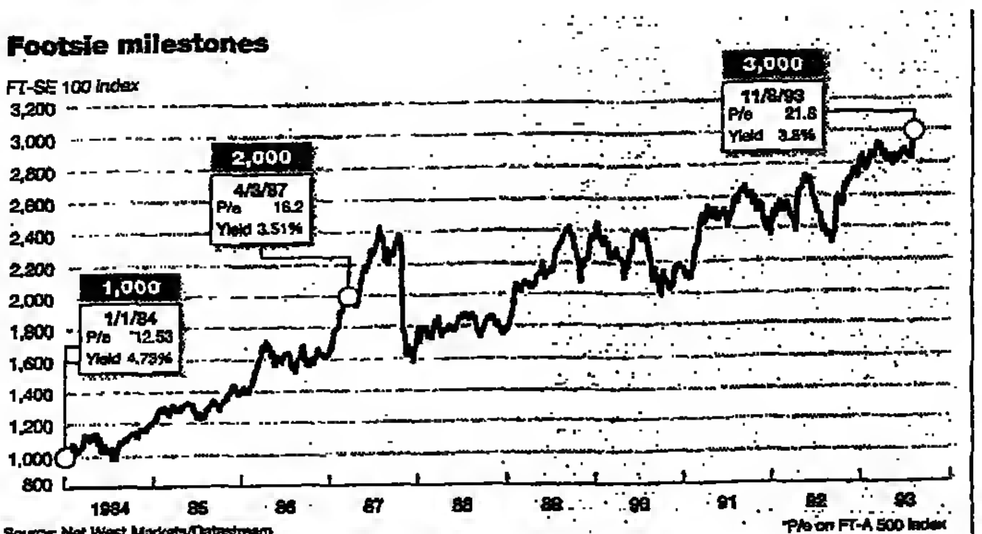
Other corporate news has been cheering this week. British Airways shares rose on its first quarter profits which showed a jump at the operating level from £96m to £109m, although this was more than reversed on pre-tax profits thanks to a higher interest charge. Passenger numbers suggested a pick up in travel.

The benefits of sterling's devaluation to profits of UK based international companies were demonstrated by Smith & Nephew, the healthcare and consumer group, where interim profits rose 27 per cent to £82.3m pre-tax. But the underlying growth rate was a lesser 8 per cent when currency gains and a one-off profit on a disposal were excluded.

Unilever obligingly makes the underlying growth calculation easier by reporting quarterly figures in constant exchange rates. On this basis second quarter net profits were 8 per cent higher and would be 21 per cent up if the currency benefit is taken into account.

Unilever, like BOC, said trading was patchy, in its case seeing a weaker performance in the US and Europe. But it was confident enough to say the first half performance would be maintained for the rest of the year.

Footsie milestones



Source: Nat West Markets/Datastream

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1993 High	1993 Low	
FT-SE 100 Index	3010.1	+40.3	3010.1	2737.6	Hopes for early base rate cut
FT-SE Mid 250 Index	3455.5	+62.7	3455.5	2878.3	Private investor demand
BOC	634	-66	770	633	Profits warning
Booker	443	+25	455	357	Yield attraction/Kleinwort positive
British Gas	332½	+24½	332½	276	Broker buy notes/mmc news imminent
Domino Printing	437	+41	620	395	Warburg Securities "buy" note
Enterprise Oil	429	-22	521	397	Finance Director resigns
Grand Metropolitan	447	+28	480	383	Hopes of Chef & Brewer sale
Kingfisher	669	+33	669	496	French rate cuts/strong stores
Marley	165	+20	165	93	Figs. due Aug 18/broker buy rec.
Northumbrian Water	616	+28	652	547	High yield
Owners Abroad	79½	+13½	148	59	New chairman appointed
Redland	554	+26	560	402	Broker upgrades profits forecast
Standard Chartered	967	+83	981	576	Good earnings/div. outlook
Wilson Bowden	439	+22	461	371	James Capel buy recommendation

Serious Money

No time to start a wild bull chase

By Philip Coggan, personal finance editor

THE FT-SE 100 index surged through 3,000 this week, prompting reports on the Nine O'Clock News and talk of a prolonged bull market with the index heading swiftly for 3,500.

Regular readers will know that this column believes private investors have an unfortunate tendency to buy when the market is high and sell when it is low. So, is this one of the occasions when the wise private investor should head for *the exits?*

The first point is that we should not get too axcited when share indices hit records. Over time, share prices have a tendency to rise, partly because of economic growth and partly because of inflation. A new high does not necessarily herald a fall.

The hull argumant at the moment is interest rate related. Now that European countries have been freed from the constraints of the exchange rate mechanism, they can lower their interest rates. This will stimulate their economies and provide a boost to British exports. It will also allow the UK to cut its interest rates without worrying about a plunga in the pound. The result should be increased growth at home.

Furthermore, this growth should occur in a period when inflation is not a problem. That allows rates to stay low, both on short-term rates and long-term bonds. So, with returns on the main alternative investments – cash and bonds – both low, investors naturally are eager to put money into the stock market. Hence, hulls argue, prices should keep rising.

Is there any need for caution? Two of the most fundamental measures of share price valuation are the price-earnings ratio and the dividend yield. At present, both of these make shares look expensive by historical standards.

The p/e ratio is the relationship between the share price and the proportion of a company's profits attributable to an individual share. If its price is 100p and the most recently announced earnings per share were 10p, then the p/e would be 10. An investor would have to pay the equivalent of 10 years' profits to buy that share.

Broadly speaking, the higher the p/e ratio, the faster investors *expect profits to* grow. If they are set to double, then a share trading on an historic p/a of 20 is trading only on a prospective p/e of 10.

Talking recently to US fund manager Michael O'Higgins, whose high-yield, low-price theory of stock picking I have described many times, I was struck by his remark that "people spend too much time looking at the outlook for corporate earnings, and not enough at the p/e ratio."

When the p/e is high, the market is at its most optimistic about prospects for corporate earnings (and is likely to be disappointed); when the p/e is low, the market is at its most pessimistic (and likely to be pleasantly surprised).

I decided to test this by looking at the p/e on the FT-A 500 Index since 1965 (this happens to be the benchmark for which Datastream has the longest series of information). The method was simple: compare the p/e at the start of the year with the gain made by the index over the year.

Over the 28 years from 1965 to 1993, the p/e on January 1 varied between 4.02 in 1975 and 22.49 in 1969. I divided the 28 years in four batches, ranging from the seven lowest to the seven highest, and then compared average stock market returns for the four groups.

The results were not a smooth progression but were still fairly conclusive. In the seven years when the p/e was at its lowest, the growth of the index over the following year averaged 32.37 per cent. In the seven years when the p/e was at its highest (above 14.23), the index subsequently grew by just 2.41 per cent.

Just in case this was a statistical fluke, I tested the theory on the 28 periods since 1965 starting August 1. Again, the result was clear. In the periods when the p/e was low (below 9), the average return over the subsequent year was 19.86 per cent; when it was high (above 14.5), *the return was minus* 4.82 per cent.

There were three occasions when the p/e on the 500 index was over 20. In each case, the market fell by more than 15 per cent over the following year. In other words, it is a bad time to buy the market when the p/e is high. The current p/e on the 500 index is 19.78.

Perhaps the past 28 years were unrepresentative, however, in that inflation was high. Now it has fallen, hulls could argue that the valuations appropriate in the high-inflation era are no longer relevant.

So, what about the dividend yield, now 3.71 par cent on the All-Share? BZW has figures dating back to 1918, which cover years of both low and high inflation. If contrarian theory is right, years when the dividend yield is high should be followed by better market returns than years when the yield is low.

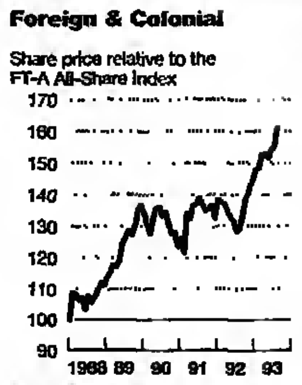
Sure enough, when the yield was, like now, below 4 per cent, the average rise in the index over the following year was 0.3 per cent. When the market yielded over 5 per cent, returns averaged 15.8 per cent.

All this proves is you should buy low, not high. It does not mean you should sell all your shares today – they are still the best long-term investment – but it does indicate you should avoid chasing the market with new lump sums.

AT A GLANCE

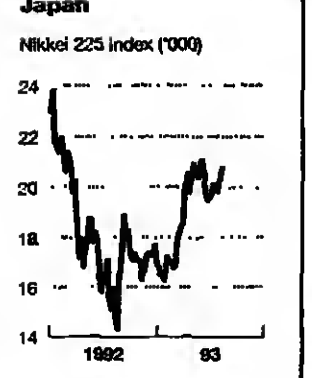
Foreign & Colonial

Share price relative to the FT-A All-Share Index



Japan

Nikkei 225 index ('000)



Source: FT Graphite

F&C optimistic as net assets rise 8.6%

Foreign & Colonial, the UK's largest investment trust, reported this week that net assets rose 8.8 per cent in the first half of the year, compared with a 5 per cent rise in the All-Share. The trust increased the interim dividend from 1.12p to 1.15p and forecast a final dividend of 2.3p. F&C was generally optimistic about the outlook for most stock markets but warned that "Unless President Clinton can demonstrate soon that he can revive the economy, Wall Street may begin to falter." The trust's shares are now trading close to asset value.

Tokyo market welcomes cabinet

A new Japanese cabinet was announced this week by Prime Minister Hosokawa. Share prices rose steadily over the week with the Nikkei 225 ending Friday's trading at 20,745, compared with 20,357 at Monday's opening. Meanwhile, the yen continued its seemingly inexorable rise, reaching a post-war high of Y103/S on Thursday and had risen further to Y102.5/S by Friday lunchtime.

Banks taken to task

The voluntary Coda of Banking Practice, introduced last year and currently under review, has been too limited, too flawed, and banks have been too slow to implement it, the Consumers' Association said.
In a submission to the review committee, it said banks had adopted a "parsimonious approach" to interpreting and applying the code, particularly regarding services it did not specifically deal with, such as the administration of wills. New areas which should be covered by the code included advance notification of charges and interest, compensation for home banking customers affected by fraud, and informing customers if their savings accounts were superseded by new accounts paying higher interest rates. The association warned that if standards of consumer protection did not improve, a statutory alternative to the code would become essential.

University BES launch

Another FT-SE-linked Business Expansion Scheme has been launched, this time by sponsors Hodgson Martin. The Balliol and Magdalen Companies seeks to raise £20m through six BES companies to finance accommodation for students and dons at the Oxford colleges. Investors have a choice of returns. They can buy shares in the Gilt-Edged Companies offering 121p after five years for every 100p invested (equating to an annual return of 14.1 per cent to a higher rate taxpayer after five years) or in the FT-SE Companies. The latter offers a minimum return of 60p plus a variable return based on a return of 1.8p for every 1 per cent rise in the FT-SE 100 index. There are automatic "lock-ins" at rises of 25 per cent and 50 per cent of the index. Hodgson Martin says that if the index rises by 50 per cent over the investment period, the annual return to a higher-rate taxpayer will be 17.3 per cent compound. Minimum investment is £2,000. **More BES on Page V**

Smaller companies on the rise

While the FT-SE 100 index was setting records this week, small company shares were also doing well. The Hoare Govett Small Companies Index (capital gains version) rose 2.5 per cent from 1511.33 to 1548.91 over the seven days to August 12, and is now 27.6 per cent higher than its level at the start of the year.

Correction

In the text associated with last week's Annuities table, the word "not" was accidentally omitted from a sentence. Billy Burrows' quote should have read: "In the short term, the prospects for annuities are NOT good."

Wall Street

Waiting for the taxman to burst the bubble

THE DAY after Congress approved President Clinton's budget and its hefty tax increases for the rich, a big US mutual fund group placed full page advertisements in newspapers offering investors free advice on how to shift their money into tax-exempt funds.

In the first two days, hardly anyone took up the offer. The rich, it seems, were either: a) perfectly happy to hand over more of their wealth to the government to help reduce the deficit, b) casually indifferent to the impact of higher taxes, or, c) too shell-shocked by the budget's implications to react.

Of the three explanations, c) is probably nearest the truth. Under the Clinton budget, the top marginal tax rate for individuals making more than $115,000 a year in taxable income, and couples making more than $140,000, rises from 31 per cent to 36 per cent. This is a big increase in anyone's book, and one that is retroactive (backdated to January 1 *this year*) to boot.

History shows that spending and investment behaviour inevitably changes to fit a new tax environment, and no one expects anything different this time around. That there has been little evidence so far of individuals rushing to shelter their income from higher taxes suggests that the rich (a category which, as defined by the Clinton administration, is broader than one might think) have not yet come to terms with the fact that they are going to be less rich from now on.

Stock market investors seem to share this unwillingness to face the reality of the Clinton budget. How else to explain why, week after week, share prices have been following bond prices into record territory, yet one of the main driving forces behind surging bond prices has been the expectation that the President's deficit-reduction budget will hinder, not help, the US economy?

In more normal times, the judgment of bond market economists that government policies will retard economic growth, and presumably corporate earnings growth as well, would depress equity market sentiment and show up in lower share prices. Yet, stocks continue on their record-breaking course, apparently untroubled by the bond market's gloomy prognosis of the economic outlook. This week alone the Dow Jones Industrial Average twice set a new record closing high.

Stock markets are performing so well because investors are more impressed by record low interest rates – the yield on the benchmark 30-year bond fell below 6.4 per cent this week for the first time ever – than they are worried about the immediate outlook for the economy. As long as low interest rates keep diverting funds out of low-yielding short-term assets and into stocks, and as long as low interest rates allow companies to raise fresh capital cheaply, investors will keep buying equities.

The problem with this situation is that the markets are becoming increasingly reliant upon favourable interest rates and expectations of improving earnings. With share prices so high by historical standards – stocks in the Standard & Poor's 500 index are trading at 23 times earnings – an upturn in interest rates, or a failure of corporate earnings to meet expectations (or both), could trigger a dramatic sell-off.

Admittedly, interest rates are unlikely to rise anytime soon. Only this week, the July producer and consumer prices data showed that inflationary pressures in the economy remain extremely weak. Alan Greenspan, chairman of the Federal Reserve, may have warned recently that he is ready to tighten monetary policy at the first sign of overheating in the economy, but with inflation so low and output so sluggish, there seems little need for higher rates in the foreseeable future.

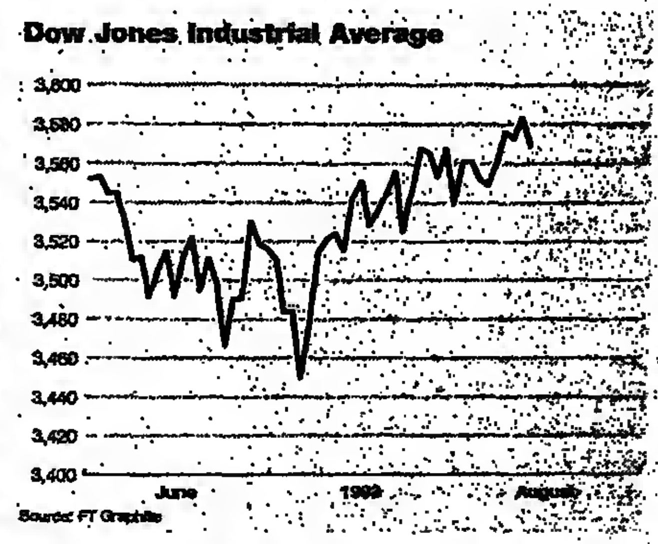
The markets' hopes for corporate profitability, however, rest on shakier ground. Over the past year the majority of companies have reported stronger earnings more because they have been able to cut costs and boost productivity, and less because they have raised prices of their goods and services or enjoyed sharp growth in sales volume.

The improvements in productivity, however, may have peaked. This week the government reported that average non-farm output per hour dropped 2.5 per cent in the second quarter – the second straight three-monthly decline. More worryingly, it was the largest fall in hourly output for more than four years.

If productivity is really shrinking, then companies are going to have to look elsewhere for earnings growth. This means they will have to raise prices, or hope consumers start spending heavily again. In the current economic climate, raising prices would not make much sense, because that would only offset any benefits to be had from stronger consumer spending.

Patrick Harverson

Dow Jones Industrial Average



Source: FT Graphite

Monday	3576.08	+	15.65
Tuesday	3572.73	-	3.35
Wednesday	3583.35	+	10.62
Thursday	3569.09	-	14.26
Friday			

The Bottom Line

Storms clear for risk business

INSURANCE companies this week provided the City with profit figures for the first half indicating that the sector is on the way to recovery after its losses of the last three years.

General Accident and Royal Insurance – both of which have seen three years of heavy losses – reported their first profits since 1989, while Commercial Union, which clawed its way back into the black last year, posted further improvement on Wednesday.

Two other composites Guardian Royal Exchange and Sun Alliance, look set to continue the trend when they report in the next few weeks.

An improvement in trading conditions has helped the sector. John Chester, analyst at SG Warburg, said: "Everything which is key to the fortunes of insurers is positive. The companies are flying."

Costs have been cut; claims from theft, mortgage indemnity, subsidence and storm damage have declined or levelled off; and growth in the equity and bond markets is strengthening balance sheets.

Above all insurers are reaping the benefits of premium rate increases in the home and motor insurance markets, with consumers paying increases of an average 20 per cent per year in 1991 and 1992.

Although market reaction this week was mixed – GA and CU both rose while Royal fell – each company's price has risen strongly in the past 18 months. The composite insurance index has outperformed the FT-A All Share Index by 36 per cent since March 1992.

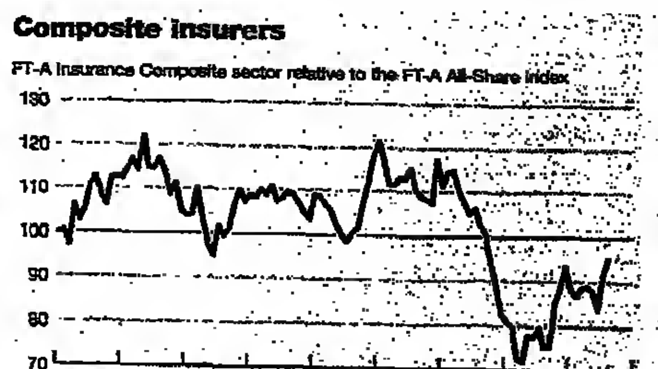
Industry leaders believe that positive trading conditions will continue for the next few years. While rates for personal lines business are seen as adequate, commercial buyers still face increases. Both CU and Royal forecast this week that falling returns from investments were putting more pressure on them to underwrite business more profitably.

Following billions of pounds of losses from catastrophes in recent years, the cheap reinsurance capacity, which helped fuel rate competition in the 1980s, is no longer available.

Indeed European reinsurers are pressing direct insurers to increase rates, reducing the chance of competition.

Composite insurers

FT-A Insurance Composite sector relative to the FT-A All-Share Index



Source: FT Graphite

Analysts such as David Hudson, of Credit Lyonnais Laing, believe trading conditions will translate into further upward movement in share prices.

"The industry has entered a period of profitability the likes of which we haven't seen for years," said Hudson, who is expecting a further 10 per cent outperformance by insurance shares before the sector reaches its peak.

Shortages of capital will restrict competition in the UK, and UK insurers are also well placed to benefit from a strengthening in the US and European markets. "The UK has firmed up in isolation. We are now seeing the first signs of rates hardening in other direct markets," said Hudson, who said insurance companies may be able to obtain returns on capital of more than 20 per cent in the next few years.

Other analysts strike a more cautious note. Chester says the sector is standing on a historic high relative to net assets, with most of the shares trading at a substantial premium. "Long term investors must remain cautious," says Chester, "share prices have rarely traded at premiums to NAVs and when they have, poor share price performance has invariably followed."

Shares of some of the most successful US insurers have reached prices equivalent to 200 per cent of NAV but Warburg believes there is little chance that UK insurers will follow suit.

Chester says that such US companies have a proven record of achieving underwriting profits, while this is a relatively new phenomenon for UK companies, who have traditionally made money mainly from their investments.

In addition insurance companies may not be so immune to competition as they would like to believe. Some analysts stress the potential inroads that rapidly growing low cost producers such as Direct Line and Churchill might still make in the market. Nor, following recent falls in yields, will dividends offer much support to prices. "We are about to peak," says Youssef Zial, analyst with Morgan Stanley. "Most of the recovery is already discounted."

Richard Lapper

FINANCE AND THE FAMILY

Don't take college life for granted

Education is an expensive business. ***Bethan Hutton*** *guides new students through the financial maze*

EVERY NEW student is bombarded with offers of bank accounts, but there is more to student finance than cashcards and overdraft limits.

Students these days have to juggle grants, parental contributions and loans, as well as any sponsorship they are lucky enough to get. Income tax can complicate the picture, while some unwary students can end up paying council tax.

A bank account is still a first-year student's most urgent requirement. If you are looking for incentives, the free gifts available this year range from the TSB's four cinema tickets, a clutch of discount vouchers and a free driving lesson, to a more straightforward £25 cash credit from NatWest. The Royal Bank of Scotland will give you £10, Lloyds is offering a free student rail card, and Barclays has a £10 Our Price music voucher. Midland will credit £25 to accounts opened before September 30, and £15 after that. The Bank of Scotland has declared a policy of "no hype, no bribes, just better banking".

Most now insist on receiving your grant or maintenance cheque before handing over the bribe, so the days of doing the rounds and collecting every freebie appear to be over.

All the big clearing banks offer students interest-free overdrafts up to £400, together with cash card, debit card and cheque book – but that does not mean all the accounts are the same.

The Royal Bank of Scotland's £400 overdraft is free only for the first year of study; after that interest is charged at 1 per cent over the base rate. At the other main banks, overdrafts up to £400 remain free as long as you are still studying. NatWest will increase the free overdraft limit to £500 for your final year.

If you think you are about to exceed your arranged limit, get your bank's agreement before you do. The interest charged on unauthorised overdrafts is very high, and you may also have to pay for bounced cheques and letters informing you of your overdraft.

First-year students who already have a bank account should check whether their bank will extend its free gifts and special terms to existing customers. If not, it could be worth opening another account elsewhere.

The Co-operative Bank does not treat students any differently from other customers, which means no free overdrafts or gifts, but its ethical stance still attracts environmentally-aware students who object to the fur trade, tobacco companies, animal experimentation and so on.

The Halifax is one of the few building societies which welcome students as current account customers. There are no sweeteners attached to its Maxim student/young worker package, but it does offer an interest-free overdraft up to £300, and interest on credit balances of 4.25 per cent gross, as well as the usual cash/debit card and cheque book.

Most bank accounts pay interest on credit balances, but often at very low rates. The Royal Bank of Scotland pays 0.25 per cent on balances up to £1,000, Lloyds and Barclays pay 1 per cent gross, and NatWest pays 2 per cent. If you think you can keep your account in credit much of the time, then the TSB or the Bank of Scotland, which pay 4 per cent gross, or the Midland, which pays 3 per cent gross, might be a better bet.

If you have more substantial savings, perhaps accumulated from work during a year off, a separate building society account could be worthwhile. Check which ones offer the best rates, and if you are a non-tax payer, remember to fill in the form to have interest paid without deduction of tax.

Your bank may offer you a credit card – Barclays even encourages you to apply for one with an extra music voucher or other gift. A credit card can provide useful flexibility in how and when you pay for things, but it is also an easy way to get into debt very quickly. If you do not pay off your balance every month you will be charged far more interest than on a student overdraft. Make sure that any card you apply for does not charge students an annual fee.

Student grants in the UK have been frozen since 1990, at £2,265 a year in most parts of the country, £2,845 in London, and £1,795 for students living with their parents. Grants are means tested, so more and more parents are obliged to pay part of their children's maintenance, though not all manage to do this. Students are no longer able to claim housing benefit, or income support during vacations.

To make up the shortfall most students experience, the government operates a student loan scheme, through the Student Loans Company, which charges very low rates of interest: 1.2 per cent for 1993-94, down from 3.9 per cent for 1992-93. You do not start repaying the loans until the April after you graduate. If your earnings are low, repayment can be deferred.

Final year students this year can borrow £685 in London, £585 elsewhere, and £470 if they live with their parents. Students at an earlier stage in their courses can borrow £940 in London, £800 elsewhere, and £640 if they live with their parents. You can apply for a loan at any time in the academic year, but you can only get one loan a year. Applications have to be made through your university or college, which will certify your eligibility. The loan can be paid in up to three instalments.

If you think you are likely to need a loan – 46 per cent of students did last year, according to a Barclays survey – it could be worthwhile applying at the beginning of the academic year, before you really need the money, and putting it in a deposit account to earn some interest. Only do this if you have the willpower not to spend all the money at once, or alternatively pick an account where you have to give a month or two's notice before making withdrawals.

The government provides a little extra help for students in dire financial straits, in the form of access funds administered by each university or college. To get any money from the access fund, a student has to prove he or she is suffering severe financial hardship, and has exhausted other sources of funds. The amount of money available is so limited, and demand is so high, that many institutions run out before the end of the academic year, so access funds cannot be relied on as a last resort. Students at wealthier institutions, such as Oxbridge colleges, may be able to tap into other hardship funds or bursaries.

Income tax is not a subject that most students think much about, but it does occasionally crop up. The typical student is entitled to the single person's tax allowance of £3,445. Grants and parental contributions do not count as taxable income, but holiday earnings and some forms of sponsorship do. However, very few students will earn more than £3,445 on top of their maintenance, so if you get a holiday job, ask your employer for form P38(S), to make sure your pay will not have tax deducted at source. The Inland Revenue has a leaflet, "Income tax and students" (IR60), which explains how tax can affect you.

Council tax is something else most students should not have to pay, but if you are not careful about your living arrangements, you could end up having to. Buildings or houses occupied solely by students are exempt from the tax, but if you live in a bedsit, where there are other bedsits in the building occupied by non-students, the landlord could be liable for council tax on the tenants' behalf, and pass the cost on to you through the rent.

Also, if you share a house or flat with non-students, the property will not be exempt. The amount of council tax due will depend on how many non-students live there, but students are not personally exempt and it is up to the occupants how they split up the bill: your flatmates may insist that you pay your share. Check on the council tax position before you commit yourself to living somewhere.

In spite of their lack of money, students are sometimes targeted by companies selling life insurance. It is hard to see why a single student with no dependants should need life insurance so, if you are approached by a salesperson, treat them with the utmost scepticism.

Put a premium on possessions

STUDENTS may be impoverished but many still have items of interest to burglars: stereos, televisions, watches, jewellery, cameras or personal computers. Insurance can seem an unnecessary expense, but habits such as leaving doors unlocked and living in shared houses make students easy targets for opportunistic thieves, and many insurers refuse to cover them.

As a student, probably the cheapest way to insure your belongings is if your hall of residence has a block policy; ask if it does. The next cheapest is to use your parents' home contents insurance, which often covers items "temporarily removed" to another place. But cover could be restricted so check the details. Extending the policy could be better, but some insurers will no longer do this.

The other, more expensive, solution is to buy student possessions insurance. National Westminster, Barclays and Lloyds sell a policy from Norwich Union via Harrison-Beaumont, while Midland and the Bank of Scotland have their own insurance. Endsleigh Insurance, which has branches near most universities, also has a policy.

Rooms in halls of residence generally are cheaper to insure than rooms in non-university accommodation. The Norwich Union charges £28.50 for £2,000 cover in halls anywhere in the UK, the Bank of Scotland charges £37.50, and Endsleigh £27.

Rates for rooms elsewhere depend on your postcode. Students in inner cities could pay twice as much as small-town students. With the Norwich, £2,000 cover in the cheapest district costs £40 and £82 in the most expensive.

The Bank of Scotland charges from £43.75 to £82 and Endsleigh ranges from £35 to £99. The Midland charges between £51.75 and £162.15 for £2,750 cover.

Policies do not all cover the same things: exclusions vary; replacement can be new for old or second-hand value only; and there can be other benefits – such as loss or damage to library books and college property, which is covered under the Endsleigh policy. All-risks cover for personal items taken out of your room sometimes costs extra.

One point to watch is whether theft is excluded unless there is evidence of forcible entry (this does not cover theft by flatmates or strangers wandering through an open door). Endsleigh does not specify forcible entry but Norwich does.

All policies have a limit for individual items – if this is too low for your computer, or other valuables, you can usually increase the cover.

Student bicycles are an even worse risk. Endsleigh cannot insure them at present but hopes to have a policy again by the start of the academic year. The Norwich policy includes bicycles for an extra premium of 17.5 per cent of the machine's value, with a minimum premium of £24 and a maximum insurable value of £300.

Again, a cheaper option could be to include it on all-risks cover under your parents' policy. Commercial Union charges between £10 and £40 (depending on postcode) for £1,000 of all-risks cover as a policy extension. The individual item limit is 25 per cent of the sum insured, up to a maximum of £500.

So, a bicycle worth £250 could be insured for as little as £10, along with £750 of other goods.

Society axes endowments

CHELTENHAM & Gloucester Building Society surprised analysts and the financial services industry by announcing this week that it is to stop selling not only endowment mortgages but also all other insurance-related products.

Banks and building societies have been moving inexorably towards a supermarket approach to selling a wide range of financial products, such as pensions and life insurance. The idea, known as "bancassurance," has become common currency in the industry.

Banks and societies foresee a boost to their income from commission on such sales. Some societies – such as Britannia, National & Provincial and Woolwich – have made an expensive investment by setting up their own life companies which should, in the long run, prove more profitable than "tying" (ie, having an exclusive distribution) with a single life office.

What is wrong with trying to increase income by providing a wide range of products (with the added virtue of convenience, since they are available on the high street)? Nothing, in principle. But the problem is that by tying to a single life office, customers must buy the products of that provider regardless of how they have performed or whether they meet the client's needs.

Moreover, consumer bodies (such as the Consumers' Association) have concluded that some products, particularly endowment mortgages, are oversold because of the commission they generate.

Anthony Nelson, economics secretary to the Treasury, has become alarmed by the high lapse rates in the life industry. Last month, he ordered the regulators to draft rules obliging both tied agents and independent financial advisers to disclose how much commission they get when they recommend a product.

This is expected to make endowment mortgages – where an equity-linked long-term savings plan is taken out to pay off the mortgage – even less attractive than before.

"Societies are realising that bancassurance is not a guaranteed route to riches," says the CA's Jean Eagleshan. "It is another nail in the coffin of endowment mortgages."

C&G says that once its five-year tied agreement with Legal & General ends in November, it will not seek a tie with any other life office or set up its own. Customers who want insurance-related products will be referred to local IFAs, who are responsible for referring roughly 60 per cent of C&G's existing mortgage clients.

The society showed its disenchantment with endowments three years ago when it announced it would concentrate on interest-only and repayment mortgages. With the former, the choice of how to pay off the capital is left to the borrower. Andrew Longhurst, C&G's chief executive, says: "Endowment mortgages are not automatically in the customer's best interests."

Endowments account for only 8.3 per cent of C&G's new mortgage sales, compared with an industry average of 69 per cent. This has meant lower commission income compared with the other top 10 building societies, much of which is eaten up by the costs of selling the products. C&G says this is expected to increase with the introduction of more rigorous training standards for insurance salesmen.

The society's low cost-to-income ratio means it relies less on bancassurance for its income than comparable rivals – and, thus, can do without it more easily. C&G also has been helped by its low overheads: it has the lowest number of branches of any top 10 society except Bristol & West.

Instead, it has built up a postal banking service and much of its deposit-taking is in the form of postal accounts. It has courted the wealthier older investor, both as saver and borrower.

Others, tied into the bancassurance strategy, will find it difficult to change tack and are unlikely to follow. But as Patrick Frazer, of consultant DIBC (and author of Morgan Grenfell's annual report on building societies), says: "C&G looks as if it will be on the side of the angels while the other building societies find themselves in the position of having to defend what is increasingly seen as a rip-off product."

Scheherazade Daneshkhu

Pep offers 10%

A NEW personal equity plan offering a tax-free income of 10 per cent has been launched by fund management group John Govett. The fund, which is an authorised unit trust, will invest in UK equities and government bonds issued by overseas countries.

The equity portion – which will have to be at least 50 per cent to qualify for Pep rules – will yield between 5.2 and 5.7 per cent. That puts a heavy burden on the bond portion of the portfolio to provide the bulk of the income.

Accordingly, the fund will venture into markets such as Turkey, where bonds yield between 65 and 70 per cent.

There is obviously a risk attached with any bond which yields this much – and the risk in this case is currency depreciation. A fall in the Turkish lira could wipe out all of the extra interest earned by the fund once the proceeds are translated back into British pounds.

The consequence for investors is that there is a chance of capital loss if the fund managers miscalculate. Simon Osborne, who will manage the bond element, says he will invest initially in Mexico, Turkey, South Africa, Spain and Italy.

Judging by the success of Foreign & Colonial's futures-based Pep, which raised £250m, any product yielding 10 per cent is likely to arouse a lot of interest from investors in present conditions. But the Govett fund, while easier to understand than F&C's – which earns income from option premiums – is probably higher risk.

It is tempting to believe that there must be an easy way of earning 10 per cent income but, with base rates at 6 per cent and long gilt yields at 7.5 per cent, this is not the case.

The bond portion of the portfolio is likely to suffer capital loss and the equity portion will have to grow to compensate for this. Given that UK equities are at an all-time high, there is a real chance this might not happen.

Nevertheless, there will be some investors who are so attracted by the income that they will be willing to risk capital loss. For a top-rate taxpayer, a 10 per cent income in a Pep equates to 16.67 per cent from a building society.

Charges will be 5 per cent initial and 1.5 per cent annual. There is no additional charge for the Pep. The minimum investment is £1,000 and the maximum, for Pep investors, is £6,000.

Income payments will be made monthly to investors' bank and building society accounts. On a full £6,000 investment, the return would be £50 a month.

Philip Coggan

FINANCE AND THE FAMILY

The pensions manager and the pudding . . .

Scheherazade Daneshkhu digests an ombudsman's report

PENSIONS can inflame passions. One complaint last year to the pensions ombudsman, who arbitrates in disputes, was from a woman who had written 14 times to the trustees of her late husband's scheme.

She was angry over the delay in paying her a widow's pension. But she had failed to tell the trustees he had died and had sent the letters to the wrong address, anyway. Happy to make amends, the pensions manager invited her to the pensioners' Christmas party and arranged her transport – only to see his kindness repaid by the woman throwing her Christmas pudding and custard at him.

Hers was one of the 2,166 complaints received by Michael Platt, the pensions ombudsman, last year and described in his annual report for 1992, published this week. The scheme was established in 1991 to investigate complaints of injustice due to alleged maladministration by the trustees or managers of an occupational or personal pension scheme, and to arbitrate on disputes of fact or law with the trustees.

If you have a complaint, you should first try to sort it out with the trustees or managers of your pension scheme. Failing that, write to the Occupational Pensions Advisory Service. If OPAS cannot solve the problem, it will forward the complaint to the pensions ombudsman. (The insurance ombudsman deals with complaints about personal pensions.)

Last year, Platt referred almost 40 per cent of complaints received to OPAS, since they had not been sent there first. About 27 per cent fell outside his jurisdiction. In another 28 per cent, an investigation was not carried out because of lack of evidence of maladministration or because transfer values, while low, were correct. And some complaints fell outside the prescribed time limit.

For these reasons, Platt was able to resolve only 59 of the complaints he received last year – but the great majority of these went in favour of complainants. He found wholly in their favour in 27 cases, and in part in another 19 cases. This is an increase on the previous year – the first year of the scheme – when he upheld 22 cases wholly or in part in favour of the complainant out of the 47 investigated. But Platt feels it is too soon to say if last year's result was just a short-term blip.

Trevor Humphries

Michael Platt . . . 2,166 complaints

The average investigation took 10 months compared with seven months the previous year. Platt is unhappy about this and has set up a screening procedure to let people know within weeks if their case will be investigated.

Most complaints were about maladministration or transfer values, where scheme operators delayed either giving a transfer quotation or making the transfer payment.

In one case, a man left a private employer to join the public sector in March 1990. It was not until December that the insurance company managing his pension gave him a transfer quotation, despite his request for one in June.

His new employer said that the quotation would give a service credit of 18 years if it received the transfer by April 1991. But it was not until June 1991 that the transfer was made and, under the rules of the new scheme, his service credit had to be re-calculated down to 13 years.

Platt decided that the insurance company, which was aware of the April deadline, had taken too long to make the transfer and directed it to pay an additional transfer value to the new scheme to provide the complainant with a service credit of 18 years. This amounted to £12,500. He also told it to pay compensation of £200.

The highest compensation pay-out instructed last year was £2,800, but most fell between £100-£250. The decisions of the ombudsman are not binding, however, and two schemes refused to pay compensation.

Platt said many complaints came from a failure by pension schemes to tell members clearly and simply about their rights. These included the options open to member when leaving an employer.

Members should be vigilant and should not allow themselves to be fobbed off with explanations they did not understand, he said. And they should keep all documents to make it easier to resolve disputes.

■ *OPAS 11 Belgrave Road, London SW1V 1RB; the pensions ombudsman shares the same address. The insurance ombudsman is at City Gate One, 135 Park Street, London SE1 9EA.*

The Week Ahead

THE UK's two biggest insurance brokers, Sedgwick and Willis Corroon are expected to post pre-tax profits roughly the same level as last year when they report interim results next week.

Sedgwick, reporting Tuesday, is expected to register pre-tax profits of between £48m to £58m (compared with £51.7m last year), while Willis, which reports on Thursday, is expected to make between £58m and £63m (£56.7m).

Difficulties in the US market, which remains competitive, are one of the main factors holding back further improvement.

Meanwhile Argos, the catalogue retailer, is expected to benefit from the elimination of losses from the ill-fated Chesterman furniture business when it reports interim pre-tax profits of between £12m and £14m on Monday compared to £9.5m last time.

On Tuesday Hanson, the Anglo-US conglomerate, is expected to announce pre-tax profits of between £240m to £280m for the third quarter, compared with £274m in the comparative year-ago period. The group has been hit by the strike at Peabody Coal in the US which has cost it about £30m. However, the stronger dollar is expected to benefit it by a similar amount since more than half its profits are generated in North America.

BICC, the cables and construction group, is expected to report a fall in half year profits, from £58m to around £53m on Wednesday and on Thursday Wickes, the DIY group, is expected to show a 35 per cent improvement to about £3.5m when it reports its interim pre-tax results.

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m**	Bidder
Prices in pence unless otherwise indicated					
Devenish J.A. ‡	375½§§	387	262	202.15	Greenalls
Flogas ‡	325*	305	255½	78.40 ††	DCC
Harrison Inds.§	5½	5	5	5.91	Stratagem
Securiguard ‡	270*	339	185	59.20	Rentokil
The Man Ship Can	33.5†‡	27¾‡‡	21½‡‡	26.80 †	Peel Hldgs
Watts Blake	420*§	435	391	57.33	Sibelco

*All cash offer. †Value of bid based on 30% ... §For capital not already held. ‡ Unconditional. **Based on 2.30 pm prices 13/8/93. §§Shares and cash. ††Value of bid based on remaining 20% of shares. ‡‡ Price in Pounds ‡ Figures all quoted in Irish currency.

PRELIMINARY RESULTS

Company	Sector	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Armitage Brothers	FdMa	May	675	(851)	14.6	(18.4)	6.2	(6.0)
Brandon Hire	C&C	Apr	14 L	(391 L)	0.44	(-)	-	(1.1)
British Thornton	Misc	Apr	1,320	(947)	0.88	(1.04)	0.5	(-)
Crown Eyeglass	H&H	Mar	423	(451)	15.3	(19.4)	7.0	(6.0)
de Morgan Group	Prop	Apr	258 L	(1,770 L)	-	(-)	-	(-)
English & Caledonian	InTr	Jun	248	(329)	4.36	(5.48)	4.0	(3.75)
Group Lotus	Mtrs	Dec	38,600 L	(14,700 L)	-	(-)	-	(-)
Hickson	Elec	Mar	54 L	(58)	-	(2.5)	0.5	(0.5)
Howard Holdings	C&C	Apr	305 L	(814 L)	-	(-)	0.5	(0.5)
Mid Wynd Int'l	InTr	Jun	769†	(769†)	7.07	(6.34)	6.0	(6.0)
Morale Invests	Cong	Apr	1,980 L	(3,870)	-	(13.96)	-	(3.75)
Northumbrian Fine	FdMa	Mar	5,850 L	(155)	-	(0.87)	-	(0.75)
Pitco Holdings	Elec	Apr	3,200	(1,170)	25.5	(13.6)	8.25	(7.75)
Practical Inv	InTr	May	1,380	(1,490)	4.79	(5.07)	3.59	(3.3)
Ramcore	Tex	Apr	1,260 L	(866 L)	-	(-)	1.75	(1.75)
Westminster Health	H&H	May	4,260	(1,670)	12.8	(5.8)	0.5	(-)
Wholesale Fittings	Elec	Apr	2,020	(2,510)	9.83	(11.7)	11.7	(11.7)

INTERIM STATEMENTS

Company	Sector	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Allied Irish Banks	Bank	Jun♠	138,600	(97,400)	4.1	(3.8)
Ayrshire Metal	M&MF	Jun	572	(115)	-	(-)
Baldwin	H&L	Apr	2,250 L	(2,030 L)	1.5	(-)
Benson Crisps	FdMa	May	395 L	(181 L)	0.7	(0.7)
Blagden Industries	PP&P	Jun	3,040	(8,000)	1.5	(4.5)
BOC Group	Chem	Jun¥	261,800	(250,900)	-	(-)
BPP Holdings	BsSr	Jun	3,340	(2,970)	3.0	(2.7)
British Airways	Tran	Jun©	83,000	(91,000)	-	(-)
Capital & Counties	n/a	Jun	12,800	(12,800)	-	(-)
CCS Group	BdMa	Apr	1,500	(38 L)	-	(-)
CIA Group	Med	Jun	1,880	(1,870)	1.46	(1.32)
City Merchant High	InTr	Jun	942	(975)	-	(-)
Commercial Union	InCp	Jun	85,500	(18,100 L)	15.1	(8.95)
CSC Inv Tst	InTr	Jun	25	(40)	1.5	(1.5)
Edinburgh Oil & Gas	O&G	Jun	103	(6)	-	(-)
Foreign & Colonial	InTr	Jun	18,600	(16,200)	1.15	(1.12)
General Accident	InCp	Jun	126,200	(15,400 L)	8.7	(8.7)
Govett & Co	OtFn	Jun‡	22,800	(16,600)	10.0	(9.5)
Holliday Chemical	Chem	Jun	6,700	(6,800)	1.6	(-)
Huntingdon Int'l	H&H	Jun●	3,350	(3,220)	-	(-)
Inv Tst of Guernsey	InTr	Jun	952	(830)	0.825	(0.8)
Johnson Group Clean	BsSr	Jun	8,700	(7,440)	7.0	(7.0)
Kleinwort Overseas	InTr	Jun	2,500	(2,380)	1.5	(1.5)
Lilleshall	BdMa	Jul	1,820	(2,080)	1.7	(1.6)
Manchester Ship	Tran	Jun	5,700	(7,800)	-	(-)
Metal Bulletin	Med	Jun	871	(712)	2.9	(2.7)
Micro Focus	Elec	Jun	11,880	(8,630)	-	(-)
MTM	Chem	Jun	11,900 L	(28,000 L)	-	(-)
New Ireland Holdings	InCp	Jun♠	4,050	(2,630)	3.5	(3.3)
Newmarket Venture	InTr	Jun	70 #	(1,040 L#)	-	(-)
Nichols (JN) Vimto	FdMa	Jun	3,400	(3,530)	5.4	(5.1)
Perth Group	Misc	Jun	1,880 L	(1,840 L)	-	(-)
Reflex Group	Elec	Jun♠§	316	(4,530 L)	-	(-)
Reylon Group	Misc	Jun	1,940	(1,500)	1.9	(1.75)
Royal Insurance	InCp	Jun	52,000	(79,000 L)	2.5	(2.0)
Saatchi & Saatchi	Med	Jun	9,100	(1,700)	-	(-)
Shires High Yield	InTr	Jun	495	(444)	2.1	(-)
Sleepy Kids	H&L	Apr	3	(108 L)	-	(-)
Smith & Nephew	H&H	Jul	82,300	(64,400)	1.89	(1.8)
Standard Chartered	Bank	Jun	168,800	(58,300)	7.5	(7.0)
Thailand Int'l Fund	n/a	Jun‡	-	(-)	30.0	(20.0)
Thornton Pan Euro	InTr	Jun	98	(103)	-	(-)
TransAtlantic Hldgs	InLf	Jun	30,200	(28,100)	6.0	(6.0)
Ward Holdings	C&C	Apr	347	(1,800 L)	-	(-)
Woolwich Build Soc	n/a	Jun	88,000	(36,000)	-	(-)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss. # = Net loss. ‡ = Figures quoted in US dollars & cents. † = Gross Investment Income. © = 1st quarter figures. ♠ = Figures quoted in Irish pounds & pence. ¥ = Figures for 9 months. ● = 3rd quarter figures. § = Last years figure for 8 months.

RIGHTS ISSUES

Lilleshall is to raise £9.7m via a 1-for-3 rights issue at 125p.
Usborne is to raise £4.64m via a 2-for-5 rights issue at 19p.

OFFERS FOR SALE, PLACINGS & INTRODUCTIONS

British Thornton is to raise £5.6m via a placing at 13p.
Mosaic Investments is to raise £2m via a placing & open offer.

RESULTS DUE

Company	Sector	Anncmnt due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS					
Benson Group	Eng	Monday	-	0.1	0.1
Bristol Channel Ship	Eng	Thursday	-	-	-
Bucknall Group	BdMa	Tuesday	-	-	-
County Smaller Cos' Inv	InTr	Thursday	1.125	1.875	1.125
Heath (Samuel)	Misc	Monday	1.5	4.0	1.5
Hoskins Brewery	B&D	Monday	-	-	-
Raglan Property Tst	Prop	Friday	-	-	-
Stonehill Holdings	Misc	Tuesday	-	-	-
US Smaller Co's Inv Tst	OtFn	Monday	-	0.1	-
INTERIM DIVIDENDS					
Alliance Tst	InTr	Monday	14.0	31.0	-
Argos	Strs	Monday	2.2	4.8	-
BICC	Elec	Wednesday	6.0	13.25	-
Bristol & West Building Soc	n/a	Friday	-	-	-
Britannic Assurance	InLf	Wednesday	10.3	23.2	-
Broadcastle	OtFn	Wednesday	-	-	-
City Centre Restaurants	H&L	Wednesday	0.45	1.12	-
Clarke (T)	Elec	Thursday	1.28	2.81	-
Dawsongroup	Tran	Thursday	0.75	2.25	-
Dunedin Income Growth	InTr	Wednesday	8.4	17.0	-
Epwin Group	BdMa	Tuesday	2.1	4.7	-
Evans Halshaw	Mtrs	Tuesday	3.8	7.65	-
Fife Indmar	Eng	Tuesday	0.5	-	-
Fleming Mercantile Inv Tst	InTr	Tuesday	1.675	1.875	1.675
GT Chile Growth Fund	n/a	Monday	-	-	-
Hanson	Cong	Tuesday‡	2.75	2.75	2.85
Jourdan (Thomas)	Cong	Friday	0.5	0.25	-
Kalon Group	BdMa	Tuesday	1.0	2.2	-
Kode Int'l	Elec	Thursday	1.5	4.0	-
LGW	Misc	Monday	1.125	1.875	-
Marley	BdMa	Wednesday	2.1	2.1	-
M&G Income Inv Tst	InTr	Wednesday	[illegible]	[illegible]	-
M&G Recovery Inv Tst	InTr	Wednesday	[illegible]	[illegible]	-
New Zealand Inv Tst	InTr	Wednesday	0.5	0.5	0.5
North Midland Construction	[illegible]	Wednesday	0.5	0.3	-
Rea Brothers	[illegible]	Wednesday	0.25	0.25	-
Richardson Westgarth	Eng	Tuesday	0.8	1.75	-
Rosehaugh	Strs	Tuesday	2.0	3.0	-
Rowan Holdings	[illegible]	Tuesday	2.0	3.1	-
Sedgwick Group	InsB	Tuesday	3.0	3.0	-
Sherwood Computer	[illegible]	Wednesday	1.78	3.25	-
Talbex	H&H	Monday	0.8	1.6	-
Trade Indemnity	InsB	Wednesday	-	-	-
Wickes	BdMa	Thursday	-	-	-
Willis Corroon Group	InsB	Thursday	3.3	1.65	1.65

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue. ‡ = Third quarter figures. Reports and accounts are not normally available until about 6 weeks after the board meeting to approve preliminary results.

Fixed interest investments

THE PERFORMANCE of fixed interest investments remains strong while still being combined with good yields, *writes Scheherazade Daneshkhu.*

■ **Pibs**

These are fixed interest-paying shares issued by building societies which have proved popular with income-seeking private investors because yields are higher than on gilts – a reflection of the correspondingly higher risk of holding a security from a society rather than the government.

Early investors in Pibs were rewarded with higher yields than are available now and have also enjoyed good capital performance. Yields have dropped as prices have risen since we published the table last month. Iain Lindsay, of stockbroker Hoare Govett, says: "The Pibs market has continued its very strong performance with prices rising by as much as 20 per cent in the past eight weeks.

"The Halifax has broken through a 9 per cent yield with all other stocks, with the exception of First National, now yielding under 10 per cent. The First National Pibs has continued to outperform its peers, with the extra demand causing its yield spread over the reference gilt to fall below 3 per cent."

■ **UK bond funds**

The three top-performing funds over the three years to August 1 (see table) are all invested heavily in preference shares. These pay a fixed dividend and rank ahead of ordinary shares in terms of dividend payment and capital repayment in the event of a wind-up.

Abtrust, the top-performing trust over the period (according to *Micropal*), changed its name last year from Abtrust Gilt & Fixed Interest after it eschewed gilts in favour of high-yielding convertible preference shares. More than 70 per cent of the fund is invested in these, 12 per cent is in preference shares, and the rest in corporate bonds. "We are aiming for a high yield from any fixed interest instrument," says Paul Reed, the manager. "So, we have built up high-yielding convertible stocks with an equity option and these have performed well."

He believes gilts are over-priced and has no plans to add them to the portfolio at the moment. The fund has a 5.25 per cent initial charge and a 1 per cent annual, while the minimum investment is £500.

Gartmore Fund Managers is cutting the annual management fee on its Preference Share unit trust from 1 to 0.5 per cent, and is offering a 2 per cent bonus allocation of units to those who invest before October 1; this will knock two percentage points off the initial charge of 5.25 per cent. The fund has a minimum investment of £1,000 and yields 8.2 per cent.

BEST PERFORMING 10 UK BOND FUNDS

Fund	Size (£m)	Yield (%)	Perf*
Abtrust Fixed Interest	11.4	8.3	59.4
Aetna Preference	19.3	8.3	56.8
CU PPT Pref Share	65.3	6.6	50.8
Legal & Gen Fixed Int	1.1	8.1	49.8
Barclays Unicorn Fixed	158.0	8.0	49.4
Framlington Gilt	13.3	6.3	48.1
Fidelity Gilt & Fixed	26.0	7.0	47.5
MIMstar Gilt & Fixed	2.8	7.9	47.1
Gartmore Preference	3.9	8.2	46.4
Manulife Gilt & Fixed	33.6	7.0	45.8
Sector average	19.0	6.4	40.7

Source: Micropal. * As of August 1 * Offer-to-bid with net income reinvested over 3 years. Funds without 3 year record are excluded.

PERMANENT INTEREST BEARING SHARES

Stock	Coupon (gross %)	Minimum (£)	Issue date	Issue price (pence)	Price* (pence)	Yield* (gross, %)
Bradford & Bingley	13.00	10,000	30/9/91	100.20	142.25	9.14
Bradford & Bingley	11.63	10,000	29/6/92	100.13	127.75	9.10
Bristol & West	13.38	1,000	11/12/91	101.79	137.75	8.71
Bristol & West	13.38	1,000	31/10/91	100.34	137.75	9.71
Britannia (1st)	13.00	1,000	13/1/92	100.42	138.75	9.37
Britannia (2nd)	13.00	1,000	31/10/92	107.13	138.75	9.37
Cheltenham & Glouce	11.75	50,000	21/10/92	100.96	128.50	9.14
Coventry**	12.13	1,000	28/5/92	100.75	127.75	9.47
First National	11.75	10,000	4/5/93	100.25	115.00	10.28
Halifax	12.00	50,000	23/1/92	100.28	134.25	8.94
Leeds Permanent	13.63	50,000	3/6/91	100.00	147.00	9.27
Leeds & Holbeck	13.38	1,000	31/3/92	100.23	137.75	9.71
Newcastle	12.63	1,000	8/6/92	100.45	136.50	9.25
Newcastle	10.75	1,000	15/6/93	100.32	116.13	9.26
North of England	12.63	1,000	23/6/92	100.14	133.50	9.46
Skipton	12.88	1,000	27/2/92	100.48	131.00	9.83

Source: Hoare Govett. *Purchase price as at mid morning August 12; excludes accrued interest. **Includes stamp duty payable on Coventry pibs only.

Directors' transactions

Sellers continue to set the pace

IT MIGHT BE high summer, but directors are not taking a break from trading. Selling still outweighs buying but there has been increased activity across the board.

Christopher Broadbent, the managing director of BWD Securities, a stockbroking company, sold more than 1m shares at 97.2p. At the beginning of the year, they were trading around 40p; now, they are about 100p.

The sale by Johnson Wallace of shares in Willis Corroon, an insurance and re-insurance broker, was technically made during the company's closed period in anticipation of *interim results*. In a statement to the Stock Exchange, though, the company explained the transaction had been carried out by trustees acting for Wallace. Despite instructions in June to deal, the sale was not made until recently.

Activity on the buying front ranges from industrial giants to companies with market capitalisations of just over £10m. Ross Group is involved in a variety of industrial services. After an up-beat AGM statement, six board members invested in shares at 28p. This marks the first dealing in the company by directors for several years. Sir Michael Edwardes, the chairman of Charter Consolidated, has increased his holding by 20,000 shares.

Colin Rogers, the Inside Track

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Sector	Shares	Value	No of directors
SALES				
Amersham	Hlth	15,000	123	1*
Berry Birch & Noble	InsB	10,000	17	1
Betterware	Stor	127,000	318	1
BWD Securities	OthF	1,075,748	1,046	1
CRT Group	BuSe	550,000	517	1
European Motor Hldg	Motr	285,714	366	1
Forminster	Text	100,000	535	1
Granada Group	H&L	100,000	407	1
Hambros	Merc	270,000	1,007	2*
Intercare	Hlth	18,000	25	2
Kleinwort Benson Gp	Merc	15,000	73	1
London Merchant	Prop	23,500	23	1
Marks & Spencer	Stor	60,000	217	1*
Menvier Swain	Elcs	10,000	61	1
Morris Ashby	Meti	34,900	63	1
Pelican Group	H&L	495,000	299	1
Prism Leisure	H&L	50,000	65	1
Salvesen Christian	BuSe	6,704	24	1
Tops Estates CULS	Prop	150,000	201	1
Unigroup	BdMa	50,000	34	1
Vodafone	Tele	84,000	405	1*
Wessex Water	Watr	5,000	30	1
Willis Corroon	InsB	73,570	162	1
Yorklyde	Text	20,000	36	1
Yorkshire Water	Watr	7,700	39	2
PURCHASES				
Boots	Stor	8,000	37	1
British Telecom	Tele	8,900	36	2
Brunner Inv Trust	InTr	8,347	17	1
Charter Cons'dated	Othi	20,000	132	1
Cooper Clarke	n/a	125,000	106	1
El Oro Mining	n/a	2,500	14	1
Eldridge Pope A	Brew	29,700	31	2
English Nat IT Def	InTr	20,000	45	1
Excalibur	Misc	200,000	31	1
Hartstone	Misc	46,000	25	2
Radius	Elns	150,000	56	1
Rank Organisation	H&L	3,000	22	1
Ross Group	Misc	92,000	24	6
St Ives	Pack	10,000	30	1
Yorkshire Chemicals	Chem	3,000	11	1

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 2-6 August 1993. Source: Directus Ltd, The Inside Track, Edinburgh

FINANCE AND THE FAMILY

New challenges for BES investors

***Scheherazade Daneshkhu** surveys the options as the deadline for abolition draws nearer*

THE BUSINESS expansion scheme is posing investors new challenges. Those spurred to put in money before the BES is abolished on December 31 have two main choices: a fixed price return or a variable rate linked to a rise in the FT-SE 100 index.

The annual amount that can be invested in a BES by one person is £40,000 but a married couple can put in £80,000. The money can be spread among a number of schemes. Tax relief is given at the investor's marginal rate so long as the shares are held for five years; thus, a higher-rate taxpayer parts with only £24,000 for a £40,000 investment.

There are a few trading company schemes around but the BES market is dominated by assured tenancies. Most of these fund student accommodation. To solve the problem of finding buyers for shares after five years, sponsors often get the institution for which the money is being raised to commit itself to buying them.

What, though, if the institution does not have enough money for this? The buy-back promise is often reinforced through cash backing (setting aside a sum of money which will accrue with compound interest to reach the exit price after five years for all the shareholders) or a bank guarantee.

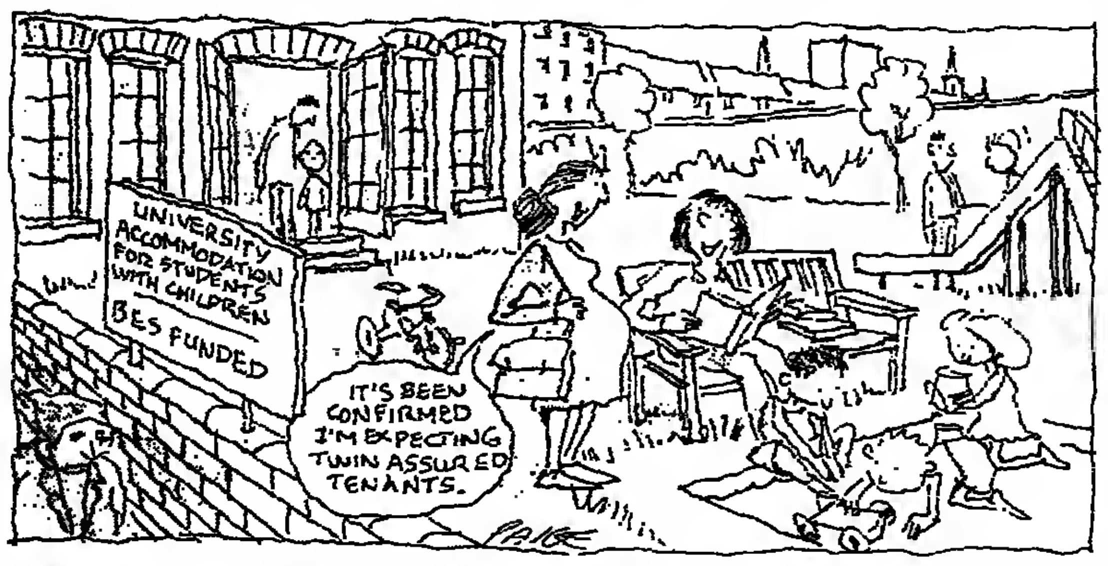
"Arranged exit" schemes now dominate the market. Of those still open, Nationwide Aegis offers an exit price of 117.5p for every 100p invested, which represents an annual return of 13.5 per cent to a higher-rate taxpayer. Anglia Residences and Homemaker do even better, with 123p; this equates to an annual return of 14 per cent.

(Investors should note that the annual returns depend on the sponsors sending out the BES 3 certificates, which enable investors to claim tax relief, in time for them to get their full rebate in that particular year. A delay will result in lower annual returns).

The fixed returns on offer are historically high for the BES – but will they continue? Nick Percival, director of BESt Investment, believes not. "We are seeing prices peak at the moment, but it cannot last because of the fall in interest rates. Those purchasing five-year money for the cash-backed schemes will not be able to offer such high returns from now on."

Percival says the supply of schemes is also greater than demand because of the requirement for BES companies to buy property with vacant possession. He expects demand to overtake supply after October when the universities will be out of the market (unless they are funding new buildings), but this is when the building societies may enter to off-load their repossessed properties.

Of the arranged exit cash-backed schemes still open, David Harris – of Chantrey Financial Services, an independent adviser – recommends Close Brothers' BESSA Oxford Fixed Return and Accumulus King's (Cambridge), sponsored by Terrace Hill Capital. "Both pay 120p after five years, equating to an annual return of 13.6 per cent to a higher-rate taxpayer."



While both schemes are cash-backed fully, Harris warns: "It would be a mistake for people to think there is no risk at all, although I believe these schemes to be very low risk."

The other option is the innovatory stock market-linked schemes, of which two are open: Close Brothers' BESSA Oxford and Matrix Securities Stock market BES. Since there is no capital gains tax to pay on the disposal of a BES company's shares, this is a way of investing in the stock market without facing a CGT bill. But this tax break exists already through a Pep, which gives investors greater flexibility since they are not constrained by a five-year timetable.

The lump sum investment through the BES is higher than for a Pep, but this might not be a good thing given the present stock market high. In any case, the annual maximum for a Pep investment of £9,000 (£6,000 in a general Pep and £3,000 in a single-company version) builds up to a total investment of £45,000 over five years – with the further advantage of being staggered.

Still, the wealthy investor who already has a Pep and a fully-funded pension, and believes the stock market will rise enough over five years to give a good return, can consider these schemes. *Best BES Advice*, published by the Allenbridge group, says: "These deals are illiquid, in a market as volatile as equities, this is a serious drawback."

It prefers the Matrix Securities scheme which offers automatic "lock-ins" at 80 per cent and 90 per cent of FT-SE growth to protect gains against the danger of a fall in the market near the end of the five-year period. Matrix also guarantees a fixed return of 75p compared with 60p for Close Brothers' BESSA Oxford. But, as Allenbridge notes, the cost of the guarantee reduces the potential return.

The advantage of a BES Footsie-linked return, compared with a building society guaranteed equity bond, is the tax relief. Instead of costing the investor £1, it is costing him only 60p; hence the potential for higher returns.

Investors, however, should take independent financial advice and remember that it is rarely a good idea to make an investment solely on the grounds of tax efficiency.

Unit trusts / **Schroder UK Enterprise**

Aggressive approach pays

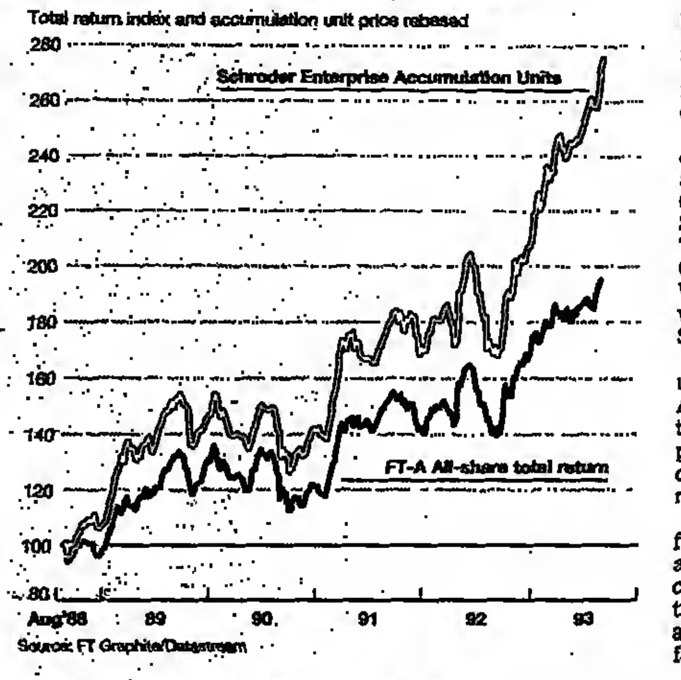
SCHRODER UK Enterprise is a fund with a deliberately aggressive approach. Founded in July 1988, and run since the start by Jim Cox, it holds only 40-45 stocks – those which it believes have the best prospects for growth. This puts a premium on Cox's stock-selecting skills.

He emphasises that Schroder's approach is heavily research-orientated, with close links between the group's analysts and its fund managers. "Our overall rule is that there aren't any rules – no black boxes or magic formulae which have the secret of successful stock-picking," he says. "But, with careful research, it is possible to tilt the odds in your favour."

Cox feels management change at a company often presents an investment opportunity: "Change inside a company means that shares may be mis-priced." He points to the leisure group Granada when Gerry Robinson, formerly of the Compass Group, took over shortly after a £163m rights issue. "The business had too much debt but the shares had considerable value at the rights issue price."

Schroder UK Enterprise Unit Trust

Total return index and accumulation unit price rebased



Source: FT Graphite/Datastream

UK Enterprise also has a core of large growth companies such as Cable & Wireless or Reuters, and some "recovery" stocks. This eclectic approach indicates that Cox does not fit neatly into the "growth" or "value" schools of investing. "We are just looking for stocks which are cheap," he says.

Over the past year, the fund has had a heavy emphasis on the financial sector, particularly in banks, insurance companies and merchant banks. "We believe the financials will benefit from falling interest rates and a reduction in the bad debt problem, plus a sharp improvement in the insurance cycle," says Cox.

The concentration on financials stands out when you look at the fund's top 10 stocks: GRE (the biggest holding), Schroders, Kleinwort Benson, TSB, London & Manchester, Cable & Wireless, National Westminster bank, British Airways, Legal & General, and Sedgwick.

Cox believes GRE has been undervalued by the market. After a dividend cut, he says, the shares yield 5 per cent with prospects for growth, especially if the insurance cycle rebounds.

British Airways is one of the fund's non-financial stocks, and Cox points out that the company is in a growing industry with the balance of supply and demand moving in its favour.

"Airlines have not been making much money in recent years but BA has made more than most," he says, adding that the shares look attractive on a price-to-cash flow basis.

As the fund grows – it is now £115m compared with £100,000 at launch – there is an inevitable tendency for Cox to acquire more stocks. But this is not a trend he wants to see develop too far since, as he puts it: "I don't want to dilute the effect of each individual bet."

Some bets go wrong; one was a holding in Ratners, the jewellery retailer, where the financial problems proved worse than Cox thought. But, overall, the fund's performance figures are extremely impressive. It is top of the UK equity growth sector over the five years to August 1, with growth of 146.85 per cent (offer-to-bid with income re-invested: source *Micropal*).

Over three years, it is second (out of 136) in the sector with growth of 69.95 per cent. In the past year, it is 10th (out of 145), giving investors a return of 45.4 per cent. No other fund in the sector can match UK Enterprise's achievement of being in the top decile (10 per cent) of funds over one, three and five years.

Cox is optimistic about the prospects for UK shares. He believes the key is interest rates and argues that, when they come down, equity markets tend to rise. With very little inflation in the system, bond markets are reaching new highs; that also aids the outlook for share prices.

■ Charges

Schroder says it is increasing the annual charge on the fund from 1 to 1.5 per cent "to bring the charge in line with the rest of the industry". The initial charge is 5.25 per cent and the bid-offer spread is 6.25 per cent. The minimum investment is £1,000, or £25 a month. The trust is Pepable at no extra charge, although the minimum monthly Pep investment is £50. The fund is run for growth, rather than income, and has a yield of 2.24 per cent at present.

Philip Coggan

HIGHEST RATES FOR YOUR MONEY

	Account	Telephone	Notice/term	Minimum deposit	Rate %	Int. paid
INSTANT ACCESS A/cs						
Co-operative Bank	Pathfinder	0345 252000	Instant	£100	5.84%A	Mly
Birmingham Midshires BS	First Class	0902 302090	Postal	£500	6.75%	Yly
Britannia BS	Capital Trust	0538 39811S	Postal	£10,000	7.05%	Yly
Manchester BS	Money by Mail	061 839 5545	Postal	£25,000	7.25%C	Yly
NOTICE A/cs and BONDS						
City & Metropolitan BS	Super 60	081 464 0814	60 Day	£500	6.50%	Yly
Greenwich BS	Capital Shares	081 858 8212	30 Day	£10,000	7.35%	Yly
Bristol & West BS	Balmoral Bond	0800 486487	1 Year	£25,000	8.00%D	OM
				£50,000	8.25%D	OM
MONTHLY INTEREST						
Britannia BS	Capital Trust	0800 654456	Postal	£5,000	6.55%	Mly
Bristol & West BS	Balmoral Monthly	0800 100117	30 day	£25,000	7.55%	Mly
Bristol & West BS	Limited EditionBd	0800 486487	31.1.95	£25,000	7.81%	Mly
Chelsea BS	Base Rate Plus	0800 272505	2.1.95	£5,000	7.73%B	Mly
TESSAs (Tax Free)						
Hinckley & Rugby BS		0455 251234	5 Year	£25	8.05%	Yly
Dunfermline BS		0383 721821	5 Year	£3,000	8.00%	Yly
National Counties BS		0372 739702	5 Year	£3,000	7.90%	Yly
Dudley BS		0384 231414	5 Year	£10	7.87%	Yly
HIGH INTEREST CHEQUE A/cs (Gross)						
Caledonian Bank	HICA	031 556 8235	Instant	£1	5.50%	Yly
Chelsea BS	Classic Postal	0800 717515	Instant	£2,500	5.85%	Yly
				£25,000	6.85%	Yly
Northern Rock	Current	0800 591500	Instant	£50,000	6.93%	Mly
OFFSHORE ACCOUNTS (Gross)						
Woolwich Guernsey BS	Woolwich Intl	0481 715735	Instant	£500	6.25%	Yly
Confederation Bank Jersey	Flexible Investm	0534 608060	60 Day	£10,000	8.75%	½Yly
Derbyshire (IOM) Ltd	90 Day Notice	0624 663432	90 Day	£50,000	7.80%	Yly
Yorkshire Guernsey Ltd	Key Term	0481 710150	31.8.94	£5,000	6.70%E	Yly
GUARANTEED INCOME BONDS (Net)						
Consolidated Life FN		081 940 8343	1 Year	£2,000	4.65%	Yly
Consolidated Life FN		081 940 8343	2 Year	£2,000	5.25%	Yly
Prosperity Life FN		0800 521546	3 Year	£15,000	5.68%	Yly
Financial Assurance FN		081 367 6000	4 Year	£20,000	6.20%	Yly
Hill Samuel FN		081 686 4355	5 Year	£5,000	6.30%	Yly
NATIONAL SAVINGS A/Cs & BONDS (Gross)						
	Investment A/C		1 Month	£20	6.25%G	Yly
	Income Bonds		3 Month	£2,000	7.00%H	Mly
	Capital Bonds G		5 Year	£100	7.75%F	OM
	First Option Bond		12 Month	£1,000	6.34%F	Yly
				£20,000	6.74%F	Yly
NAT SAVINGS CERTIFICATES (Tax Free)						
	40th Issue		5 Year	£100	5.75%F	OM
	6th Index Linked		5 Year	£100	3.25% +infln	OM
	Childrens Bond E		5 Year	£25	7.85%F	OM

This table covers major banks and Building Societies only. All rates (except Guaranteed Income Bonds) are shown Gross. Fixed = Fixed Rate (All other rates are variable) OM = Interest paid on maturity. N= Net Rate.
A = Initial deposit of £5,000 or £100 per month required.
B = Rate guaranteed to be at least 2% above base rate (Min 8%) until 2.1.94 and then 1% above base until maturity. II = 0.75% bonus if no withdrawals pa.
D = Current Bank base rate differentials guaranteed until 31.12.93, then 1% above base until maturity. E = Rate guaranteed until 1.12.93. G = 6.5 per cent on balances over £25,000. H = 7.25 per cent on balances over £25,000. Source: MONEYFACTS, The Monthly Guide to Investment and Mortgage Rates, Laundry Loke, North Walsham, Norfolk, NR28 0BD.
Readers can obtain a complimentary copy by phoning 0692 500677.

PAY-OUTS from the Investors Compensation Scheme have been a mixed blessing for 17 people who lost money with failed financial adviser Denis Dale-Greaves. Ever since they received the money, they have been pursued by Toby Micklethwait, an accountant who claims he is owed 10 per cent on a contingency fee basis under contracts which investors signed with him. He issued a writ last October and the case reached a pre-trial review before a judge in chambers at Plymouth County Court on July 28.

Dispute drags on

Acting for himself, Micklethwait had 14 days to amend the drafting of his claim, which sought fees of £29,300 plus £2,000 for "time wasted as a result of non-payment" – a concept unknown in English law. Lawyers estimate that the full hearing probably will not get under way until the beginning of next year.

Micklethwait said he filed an amended claim on Thursday but was unsure if he had met the deadline. He said the claim was longer, and spelt out more precisely what his contract had been. "It will go to court unless a sensible settlement is proposed, but I will settle for less than the full amount because I am a nice chap – it came out easier than I expected."

The ICS paid a total of £1.6m to 109 investors who lost money through Denis Dale-Greaves. But the scheme initially told some of the investors – including the 17 now being sued – that, on the evidence available, its rules would not allow compensation to be paid to them. This was because their money had gone into fake "bonds" issued by Dale-Greaves between December 18 1986 (the date when investment business was first defined legally) and August 28 1988 (when cover against bad advice became available from the ICS).

The ICS said issuing fake bonds could not constitute investment business but had to be treated as bad advice, not covered at the time. However, the ICS offered the investors further personal interviews to discuss details of their cases.

Three days before the interviews, the investors had a meeting with Micklethwait and agreed he would attempt to recover money for them. The exact terms of this agreement are in dispute. He says the wording of the contract entitles him to 10 per cent of money recovered from whatever source. But Clive Lambert, of the Plymouth-based firm Lamberts, which acts for the 17, says his clients' understanding was that Micklethwait would receive only 10 per cent of any money he recovered over and above anything the ICS agreed to pay. He says Micklethwait acknowledged this in a letter to the ICS.

Other points at issue are the amount of work actually done by Micklethwait and whether he had any influence on the ICS payments made to the investors in February and March 1992. "I anticipated a two-year slog and was planning and moving accordingly," said Micklethwait; "I did a lot on the telephone and a certain amount face to face, but I don't have a lot of records to prove all the 'phone calls and I didn't keep time sheets."

Lambert said his clients felt that Micklethwait had not done anything on their behalf: "The meeting with him was on a Friday, they went to the ICS interviews the following Monday and Tuesday, and got compensation several administrative months later."

He added that Micklethwait could not claim under his contract for any work done on the Dale-Greaves case in a general way before the meeting as that would amount to past consideration, which is no consideration in law.

Lambert also noted that the ICS had written – in a reply to his query about the involvement of Micklethwait in his clients' cases – that the scheme had "no correspondence or reference from Micklethwait specific to their claims."

The 17 Investors may have to seek legal aid if and when the case gets to court, Lambert adds. But the compensation payments will have taken some beyond the capital limits for legal aid.

Barbara Ellis

MINDING YOUR OWN BUSINESS

A whole new ball game in Manhattan

***Patrick Harverson** on a golf range in downtown New York*

Helene Seidman

On the waterfront: Seth Braunstein and Greg Cohen, owners of the Manhattan Gold Club, at home on their range on Pier 25

ON A bright afternoon in New York, with the sunshine bouncing off the glassy surface of the Hudson River, the waterfront is alive with the sound of iron hitting ball – a steady thwack, thwack, thwack, interrupted by the occasional curse of frustration or low whistle of appreciation.

This is pier 25, or to give it its full title, the Manhattan Golf Club. The club is the first, and so far only, driving range on the famously crowded island that is home to 1.5m residents and 3.2m day workers.

No one knows exactly how many of those are golfers, but few doubt that Manhattan Golf Club has exclusive access to the largest number of potential customers of any driving range, anywhere in the world – all of them packed within a few square miles.

It was this enormous potential that inspired Greg Cohen and Seth Braunstein, two 24-year old New Jersey entrepreneurs and avid amateur golfers, to set up the range at the end of a disused pier just a drive and a long iron away from the banks, broking houses, insurance companies and trading rooms of downtown Manhattan.

Today, nine months after the range opened, Cohen and Braunstein are content with the way their young venture is progressing. When the weather is fine – which in the summer is most days – there is a steady flow of business, a flow that can turn into a flood on warm weekday evenings and sunny weekends.

It is all a long way from 1990, when the two recently-graduated friends decided to pursue a long-held ambition to open Manhattan's first driving range. At the start, they were so inexperienced that they set out on foot walking around Manhattan's riverfront looking for possible locations.

They did not know that it only needed one call to the New York State department of transport, which owns the island's pierfront, to find out which piers might be available for rent.

Their search for a suitable pier, however, took almost two years. Delays were caused by mountains of paperwork and by opposition from local communities and politicians, who feared a driving range would disrupt their neighbourhoods. The slow grind of bureaucracy and drawn-out battles with "not-in-my-back-yard" neighbours are hurdles many small American businesses have to overcome. Even so, Cohen and Braunstein grew frustrated when local community boards blocked every move. Says Cohen: "Every time we thought we were getting somewhere, we hit a dead end."

Then, in the summer of 1992, their luck turned when they found an outdoor nightclub on one of the west side piers which had some spare space at the back, space that under the terms of its lease could only be sub-let for "sport and recreational purposes". This meant that Cohen and Braunstein could build their range free of interference from the community boards.

They quickly struck a deal with the club's owners to pay a rent of slightly more than $10,000 a month, and the work of converting the pier into a golf driving range began. The costs were considerable. It took three months to build the range. About $225,000 was spent on materials, and at least three times that figure on labour, says Cohen.

The equipment costs were also fairly high. They bought about 70 top-quality clubs, $12,000 went on an initial batch of golf balls and $2,000 on the little buggy that collects the balls.

From the start, staff expenses were low. Cohen and Braunstein are at the range almost every day, and they hire a couple of part-time employees. Family members are asked to help out when needed, and Hank the rottweiler provides the security.

The biggest single component of their operating costs is insurance, which, says Cohen, always had the potential to be a "deal-breaker" for the entire project. Initially, they feared the annual premiums would run to several hundred thousand dollars, because driving ranges are classified as amusement parks by insurance companies, and therefore as relatively high-risk ventures.

Cohen and Braunstein found a small company in Indianapolis which specialises in insuring golf driving ranges. So instead of paying six-figure sums every year for liability cover and property insurance, "we're barely in five figures," says Cohen.

The Manhattan Golf Club opened in October last year and, given the season, business got off to a slow start. Then, on December 10, bad luck struck, in the form of a powerful winter storm that battered New York with 90-mile-an-hour winds.

Pier 25 was hit hard. The storm ripped up the 70ft nets that surround the range, destroyed much of the electrical wiring, and pulled up some of the 90,000 sq ft of Astroturf. Cohen and Braunstein risked their lives to save some of the equipment. "I'm pretty much irrepressible," says Cohen, "but for a while there I was feeling pretty glum. It was one of the worst days in my life."

The storm did about $250,000 worth of damage. The insurance covered everything, but the repairs took so long that the range did not reopen until April.

Since then, business has been good, says Cohen, thanks to publicity from local newspapers, magazines and television stations. Word-of-mouth also spread quickly, particularly among the financial community on Wall Street.

A 20ft-by-10ft billboard erected where Pier 25 meets the West Side Highway (the main artery that runs along the river on Manhattan's west side) attracts the attention of passing motorists.

Weekends are busiest, followed by weekdays between 4pm and 10pm. There is also a steady lunchtime crowd, and the range is already attracting regulars. "We have guys who come here twice a day, every day," says Cohen.

The economics of the driving range are fairly simple. It has 24 stalls – a dozen on each of two levels. Balls are sold for $6, $9 or $12 a bucket. (This is considerably more than ranges outside the city charge. But overheads are higher in Manhattan and the fact that the range is the only one on the island, allows for more expensive rates.)

On average, customers have been paying $10 for a bucket, and Cohen estimates that each stall can bring in about $30 per hour when the range is busy. That means that on a good day, with 16 of the 24 stalls in use for six hours, the range can generate upwards of $3,000 in cash. That, however, is at the weekend. The place is much less busy on a dreary Tuesday afternoon.

Cohen and Braunstein are heavily dependent upon the weather. New York is pleasantly warm or unpleasantly hot for about 5½ months of the year – from mid-April through to the end of September. Although (unlike many other driving ranges) the Manhattan Golf Club does not shut down for the winter – the stalls can be heated and players are sheltered from the rain – driving ranges are inescapably a seasonal attraction.

"People just do not think of going to a range if it's cold and wet outside," says Cohen. This summer, they have also had to contend with the extreme heat and humidity, and a prolonged heatwave in July kept the number of visitors down.

Although the two owners are shy about revealing all their financial details, it is clear that more than $1m was spent on the driving range. The money came from Cohen's father, a doctor, and a friend of his, a Californian businessman.

They will have to be patient investors, because Cohen and Braunstein believe it will take up to two years before the range begins to break even.

They are not entirely sure, though. "No one has ever done something like this before," says Cohen.

Ultimately, both are confident the driving range will be a success. As Cohen explains: "Manhattan has millions of people, and there are only 24 stalls in our range. The numbers have to make sense. "Once they know about this place, they have to come."

Computing/**David Carter**

Big package at a small price

THE world's best-known word processor is WordPerfect and WordPerfect 5.1 for DOS continues to head the sales charts. It is a big-company product at a big-company price – £329. To entice private users to spend their own money, WordPerfect Corp in 1991 released LetterPerfect, a slightly cut-down version of WordPerfect 5.1 which costs £99. Late last year it went further, and released WordPerfect Works for DOS.

WordPerfect Works (WW) is an integrated package combining five modules – word processor, spreadsheet, database, graphics editor and communications. It contains a full version of LetterPerfect, the word processor, a version of the full-price spreadsheet PlanPerfect 5.1, a version of the full-price database DataPerfect 2.2, and a version of the full-price graphics editor DrawPerfect 1.1. Finally there is the communications module, one of whose most valuable features is the fax facility which can send documents directly via a fax modem.

WW runs on any IBM-compatible computer with DOS 3.0 or higher and with at least four megabytes of free hard disk space. List price is £109 and I have seen WW advertised via mail order at £62.

WordPerfect 5.1, PlanPerfect, DrawPerfect and DataPerfect together retail for well over £1,000, yet WW, which combines all four of them, costs a tenth of this. Where is the catch? There is no catch. In practice these versions contain 95 per cent of their full-price equivalents. In the case of LetterPerfect, the only serious loss I can see from full WordPerfect is that it will not handle multiple columns of text (for newsletters, etc). The reason for the low price is that WW is marketed low-key as a SOHO ("small office, home office") product. This puts off the corporate buyer who always has to have the "power-user" version with all the bells and whistles, even if it costs 10 times as much.

There are two potential purchasers of WW. The first is someone who uses WordPerfect 5.1, PlanPerfect, DataPerfect or DrawPerfect at work and wants to be able to run these packages at home. WW has file compatibility with all four. A disk created at work under WordPerfect, for example, can be taken home, loaded on to a machine running WW, and worked on, then taken back to work and loaded onto the WordPerfect machine. To this group WW can be recommended unreservedly.

The second, larger group comprises those who are looking for a modestly-priced integrated package to cater for most of their computing needs. For them I am not so sure. WordPerfect has its own peculiar set of conventions different from those prevailing throughout the software industry. For example, the Escape key does not mean Escape; it means Undelete. The Help key is not F1, but F3. WordPerfect Corp does not believe in dialogue boxes, so in order to select options you constantly find yourself having to switch your eyes to the bottom of the screen. This is awkward and gives WordPerfect a slightly old-fashioned feel.

However, you can get used to all this. On the plus side, WordPerfect's famous screen display, instead of being cluttered with icons, tool bars, graphics, etc, accommodates a full 22 lines of text. This, plus the full complement of keyboard shortcuts, allows for blindingly fast data entry.

The real problem with WW is the manual, which is appalling: 604 pages of text written for trained systems support staff with no concessions to beginners. There is no tutorial; in practice you will have to learn by trial and error. It is astonishing that WordPerfect, which claims millions of users worldwide for its software, should be so hopelessly inadequate at teaching people how to use it.

In terms of features per pound, WW is probably the best-value package on the market today, and it is churlish to complain when your £62 buys you a near-complete version of WordPerfect 5.1, let alone the rest of the package. But WW will not yield its secrets easily. Unless you have a WordPerfect expert on hand to help, you face many hours of head-scratching before you will be able to get it to work.

When the penny drops . . .

Q&A

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All enquiries will be answered by post as soon as possible.

SOME YEARS ago, I bought a number of ordinary shares. Due to a takeover and the recession, these have now degenerated into "penny shares." No dividends have been paid for some years and they are virtually worthless and not marketable, although they continue to be quoted in the financial press.

Some time in the not too distant future, it is my intention to sell another shareholding which is showing substantial gains. I want to offset the cost of the loss-making shares against the anticipated capital gain.

1. Is it possible to dispose of the now-penny shares by returning the relevant certificates to the company registrar and asking him to cancel the registration?

2. Would it be acceptable to give away the shares to a charity or an individual by returning the certificates to the company registrar and informing him of the change of ownership?

■ 1. No.

2. Charity: No, you would be deemed to have sold them to the charity at their indexed cost, broadly speaking, by virtue of section 257 of the Taxation of Chargeable Gains Act 1992.

Individual: Provided that the person is not a connected person* as defined in section 286 of the Taxation of Chargeable Gains Act 1992, you should be able to establish an allowable loss by executing a share transfer form in his or her favour (remembering to complete the stamp duty exemption certificate on the back) and sending it to the registrar, with the certificates. Share transfer forms are obtainable from most business stationers.

You might like to ask your tax office for the free pamphlets CGT13 (The indexation allowance for quoted shares) and CGT16 (Indexation allowance: disposals after 5 April 1988). The pamphlet CGT14 (Capital gains tax: an introduction) could also be helpful.

*The term "connected person" includes your husband, your parents and parents-in-law, your siblings and siblings-in-law, children and children-in-law, and your grandchildren and grandchildren-in-law.

Afloat in an old pool

I have a holding of shares in Redland plc, all of which are in a pre-April 1982 pool. I have now received the additional shares in respect of the enhanced scrip dividend and I am considering selling them. When these new shares are sold, do they constitute a new pool or are they to be added to the base cost of the pre-April 1982 pool and the CGT calculated accordingly?

■ Like any other bonus (or rights) issue, scrip issue in lieu of a dividend falls into the same pool as the holding which produced it. In your case, therefore, the scrip falls into the old pool of Redland shares acquired before April 6 1982. The free Inland Revenue pamphlet CGT13 should clarify the rules for you.

No logic in tax laws

THE INLAND Revenue has advised that, for the moment, it considers me as normally resident in the UK for tax purposes.

I had an overseas investment in the Guinness Flight International Balanced Growth fund, which is in US dollars. To try to maximise currency gains, I recently switched to a different fund under the same "umbrella" in pounds sterling.

It seems to me that the element of gain accruing from movement in exchange rates should logically be treated as a capital gain as distinct from movement in the quoted price which, I understand the Inland Revenue treats as investment income. Both types of gain would then be reported separately to the Revenue.

Is this the case and, if so, at which exchange rate is the gain in the price in pounds to be calculated: the start, finish or average?

■ It is rarely possible to deduce one's UK tax liabilities by the use of logic. Over the years, we have tried to get across the message that UK taxation is levied according to complex and arbitrary rules laid down by parliament with scant regard for logic or equity.

Under paragraph 2 of Schedule 28 to the Income and Corporation Taxes Act 1988, your income tax gain will be calculated by deducting the cost (translated to sterling at the rate of exchange for the day of the purchase contract) from the market value on the day of the switch (translated to sterling at the rate of exchange for that day).

You will have a capital gains tax loss equal to indexation on the cost figure.

If, however, you are regarded by the French tax authorities as resident in France, then it is possible that article 13(3) of the France-UK double taxation convention (in conjunction with article 3(2)) will protect you from assessment to UK income tax on the notional gain.

Power of attorney

I HAVE SIGNED a document giving me an enduring power of attorney over the affairs of an elderly aunt, although I have not yet taken up these duties. I am not clear regarding the legal and financial obligations of taking on this responsibility. Can a nephew be made legally responsible for an aunt's debts (eg, nursing home fees), and does accepting power of attorney change these responsibilities in any way?

■ Until 1985, a power of attorney was revoked automatically when the donor became mentally incapacitated. By the Enduring Power of Attorney Act 1985, the creation of a power of attorney will survive the donor's subsequent incapacity. This, as we understand it, is the meaning of an enduring power of attorney. It does not mean that the power, once granted, can never be taken away; the donor of any power is at liberty to revoke that power at any time.

The nature of a power is that it bestows on the donee the authority to deal with or dispose of property which belongs to another (in this case, your aunt). A power of attorney allows the donee to perform additional functions, such as the making of deeds and the conveying of land. As we understand the situation, the granting of a power of attorney does not make you, the donee, responsible in law for the liabilities of the donor (that is, your aunt).

You might care to contact the Law Society to see if there is any literature available on this topic, but a brief consultation with a solicitor would probably help to clear up any outstanding queries or doubts you may have.

(This reply was provided by Barry Stillerman of accountant Stoy Hayward).

Cash gift to daughter

I AM RETIRED and get a small pension. I have lived in the same house for the past 15 years. Originally, the house was in the joint names of myself and my daughter; but when she came to live with me six years ago, she paid me half the then current value for my share.

Now, she is emigrating and is allowing me to continue to live in the house for as long as I wish. I plan to make her a gift of all my cash, which includes the original money for my share of the house and interest earned. The sum is about £100,000 and represents virtually all my assets.

I am aware of the effects of gifts in relation to inheritance tax, notwithstanding my assets are presently within the current threshold. However, I have recently been told that such a gift would also be liable to capital gains tax as it would represent a disposal. Is this true? And what proportion would be so taxed?

Were my daughter prepared to sell me the house at current value (approx £95,000), would this course of action be more appropriate?

■ There is no capital gains tax on gifts of sterling. You might like to ask your tax office for the free introductory pamphlet to capital gains tax, CGT14.

If your daughter sells the house to you, this could assist her in establishing that she has ceased to be ordinarily resident in the UK (and might assist her in establishing that she has acquired a domicile of choice in the country to which she is emigrating).

On the bare facts outlined, it looks as though she would be exempt from capital gains tax on the sale, by virtue of section 226 of the Taxation of Chargeable Gains Act 1992 (Private residence occupied by dependent relative before 6th April 1988). This, however, is something which she should talk over with the solicitor who will be acting for her in negotiating the sale.

Despatches / **Tony Walker** in Shanghai

Quick march down the capitalist road

THE COLONEL could hardly have found himself displayed in more handsome surroundings, or have provided quite such an affront to historical memory gilded by years of absence. There he was in all his finger-lickin' awfulness, stuck to the colonial façade of the old Dong Feng hotel on Shanghai's Bund, the city's waterfront corniche.

There was, however, worse to come. Inside the Dong Feng, formerly the Shanghai Club and once the preserve of gin-sodden expatriates and their ladies-in-waiting, there was more excess. The long wooden bar – the longest bar in all Asia in its day – had been taken away and replaced by a Colonel Sanders fast food establishment with its synthetic plastic red and white livery. The stale vapours of Kentucky fried chicken wafted across what had been a marbled entrance hall of some majesty in the faded days of empire.

Returning to Shanghai after 10 years, I felt a strange sense of dislocation: regretful of a fading, less complicated past, yet exhilarated by a new vitality. For the city is awakening like an oriental Rip Van Winkle after years of heavy-handed control from Beijing, fearful of Shanghai's unruly reputation as a crucible of new, and possibly dangerous, ideas.

'The stale vapours of Kentucky fried chicken wafted across what had been a marbled entrance hall of some majesty . . .'

The Chinese Communist party was founded in Shanghai. To Mao and his comrades in 1921, it was a city of excess, of riches beyond imagining, but also a human sink – the perfect place to start a revolution. These days, there is barely a whiff of political contrariness; rather, the scent is one of money, of getting on and getting rich.

At the Shenyin Securities company, where long queues of stock market punters form each day in a drab, suburban street, I met a small, balding man named Tsao who was waiting for his daughter to emerge from a scrum of people besieging the counters inside. The 76-year-old Tsao, it emerged, was a Shanghai "millionaire" before the revolution took it all. He appeared affronted when I confessed that I had not heard of his now-defunct business, the "famous" Wasong electric fan company.

The communists had expropriated the company and his shares in other enterprises had been made worthless, yet Tsao was punting again with meagre savings. Why, after being scalded once? I asked, to which he replied with a toothless grin: "Because I can't help myself."

Across the city on the banks of smelly Suzhou creek, in a converted hotel ballroom, the Shanghai stock exchange, the city's new temple of capitalism, was registering Tsao's modest ($53) investment. Other, bigger punters are in the field, like "Million Yang," a former Shanghai worker who is famous the length and breadth of China for his stock-picking acumen.

In time, Million Yang may become the stuff of legend in the tradition of Shanghai's dubious personalities of the past, like Big-Eared Du and Pockmarked Huang; or of other colourful figures who occupied a nether world of secret societies such as the Green Hand.

A writer on Shanghai observed many years ago that its vocation had never been government or art or religion; it had been money-making. Shanghai's leaders, communist in name only these days, have, like religious converts, embraced the city's zest for commerce with rare enthusiasm. Mayor Huang Ju is lyrical about his plans to make Shanghai the "dragon head" of the Yangtze river valley, the "gateway to the world outside."

Dressed in conservative suit and tie and wearing platformed, tasselled shoes, Mayor Huang is the very model of the modern Chinese official, dancing nimbly around questions about Mao and Marx, communism and capitalism, then and now. China's turbulent past, its class struggle, its Soviet-style central planning, its mass political campaigns, are "part of history." What is important, he says, is to look forward – and he is probably right; since to dwell on the past would be to remind oneself of wasted years and behavior best forgotten.

Shanghai no longer moves at the measured pace that I recall. People surge through narrow streets and traffic is caught in endless jams. Moving west along Nanjing Road, the city's main shopping street, you find yourself borne on a human tide; and if you wish to leave the torrent, you are obliged to negotiate your way carefully, like crossing a river.

Ten years ago, it was possible to stroll and browse, poking into stodgy, Soviet-style emporiums like the No 1 Department Store where sleepy sales assistants barely acknowledged your presence. Now, Nanjing road has come alive with shops like Benetton, Stefanel and the Sincere Department Store. Its Shanghainese owners, refugees from communism, have returned to claim their birthright, if not the exact location on which the old Sincere store stood before the revolution.

In these new, gleaming retail temples, people engage in a kind of consumerism gone mad. Shopping in Benetton one day, I removed my pullover to try on a new one, only to find that my shapeless relic had been borne away by the crowd: it was no easy task to retrieve it.

Travelling further west across Tibet Road, which forms the great traffic divide between the eastern part of the city and the western (traffic on either side gridlocks in a honking, blaring cacophony), you come to a structure not unlike the grandstand at a racecourse.

Indeed, this *was* a race-stand before the revolution put paid to such frivolity. The building is now the municipal library, and the racecourse itself has been divided into a drab "people's park" and "people's square."

If, by chance, you visit the park on a Sunday and allow yourself to be drawn towards small groups, talking and debating in a dusty corner, you will hear a multitude of tongues in excited babble. English predominates, and strange conversations materialise.

"My name is David Copperfield," said one old man, by way of introduction. "Mine is Charles Dickens," I said, to which he replied: "I know him well," before shuffling off into the crowd.

In Shanghai now, anything seems possible, although slavish attachment to western fads and fashion jars and you dream of the days when Shanghai, like the rest of China, seemed other-worldly. There is not much that is other-worldly about the JJ Disco, though – a throbbing palace of western-style rock which is packed to its strobe-lit rafters each night with 1,200 patrons who jiggle and jive on elevated dance floors under a huge yellow butterfly caught in smoky rays of light. It was not so long ago that a jazz band was considered risqué by the city's party bosses but, these days, a fairly lurid nightlife has made a comeback, reviving memories of a seedy past.

Not far from JJ's, in what was known as Frenchtown before the revolution changed everything, stands the handsome old Jinjiang Club, preserved, as if in aspic, by the communists and where I and my friends would repair, 10 years ago and more, for a late-evening game of snooker. Now, sadly, the musty snooker room has gone and so, too, has the old-fashioned restaurant where we would dine on *escargots* and filet mignon and be entertained by a chamber orchestra.

The Jinjiang has become the Garden Hotel Okura, a perfectly renovated and reconstructed Japanese-style hotel with an orderliness that says less about the past than it does about the future. The plumbing, I am sure, is flawless but, somehow, it is not the same.

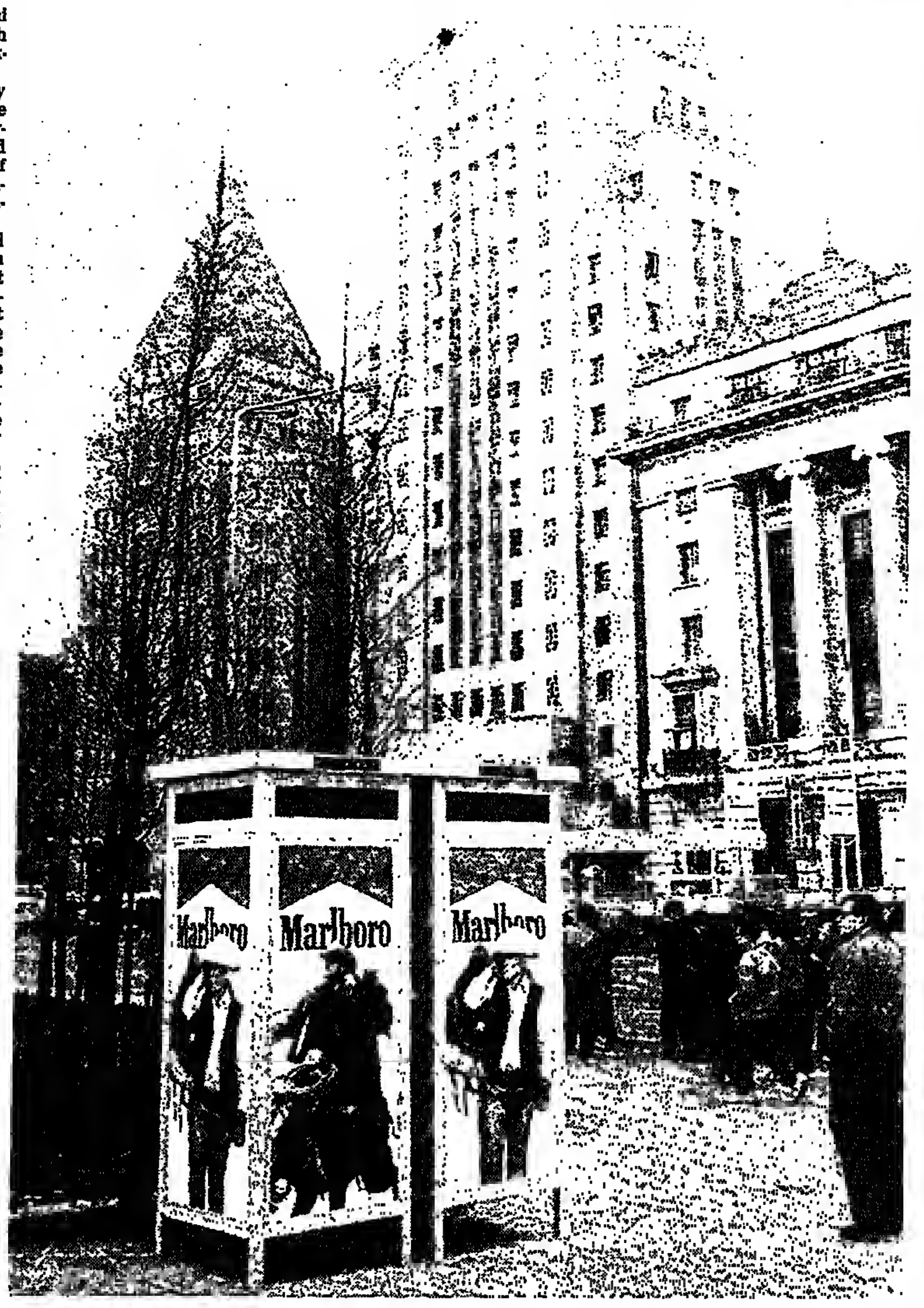
Happily, the old Peace Hotel on the waterfront has been preserved more or less intact, and it is there that I stay for old time's sake. Not the least of its appeal is a marvellous Art Deco reception area where idle moments can be spent in the gloom – lighting remains faithful to the 1930s – watching the parade of tourists, Japanese businessman, and the odd journalist who has forsaken the newly-built glass-and-chrome up-market hotels like the Hilton and the Portman.

Known before the revolution as the Cathay, the Peace Hotel forms a fusty link with the past and we are assured by its manager, Mr Wang, that its character will be preserved. Completed in 1930 and owned by the Sassoon family, wealthy Jewish merchants from Baghdad, the Peace still lives, appropriately enough, in the jazz age. There are no plans, insists Mr Wang, for karaoke bars or discos.

History takes a visitor, returning after many years, to No 76 Mingye Road, in the old French quarter. It was there, at a meeting on July 21 1921, that the Communist party of China was born, the venue being the home of one of the delegates. Mao himself is said to have attended, and the place has been preserved as a shrine to the birth of communism in China complete with replica teacups (12) and ashtrays (two) from the first meeting.

But the museum now seems oddly deserted, even ghostlike, as if the mass movement launched by that first meeting is irrelevant to today's events. Outside, life flows on in full flood but, inside, the atmosphere is one of an almost defensive silence, as if daring the visitor to ridicule the revolution's legacy.

History also propels the visitor away from the commercialism of Nanking Road, and the bustle of the Bund, north along Sichuan Road to Hongkou Park, where you can see the memorial to Lu Xun, China's greatest modern writer, whose biting satirical works poured scorn on bourgeois Chinese society of the time, in the process helping to redefine Chinese literature. With luck, new Lu Xuns will emerge to remind the Chinese of their follies, and to balance the money worship of the present.



Shanghai . . . awakening like an oriental Rip Van Winkle

Paul van Riel

History on the seabed

BETWEEN 12 and 15 years ago – no one on the tiny Channel Island of Alderney is sure exactly – a fishermen named Bertle Cosheril found a heavily-encrusted lump of metal in one of his lobster pots. It turned out to contain a musket.

Marine archaeologists now believe it dates from Elizabethan times and that the wreck near which it was discovered could be a ship that sank off the island in 1592, four years after the Spanish armada. If so, it will be the first Elizabethan warship ever found.

"The metal looked like a bit of rusty old iron at first," says Cosheril, a diminutive 62-year-old, "and, when I got it to the surface, I thought it might be a German gun. I took it to the chap at the museum but he didn't think it was worth bothering about." It was only when Bertle broke the metal that he found the musket inside and showed it to two local divers, Fred Shaw and Dave Rendell.

"We were both excited about it," says Shaw. "It's rare to have one in that fair a condition. Bertie agreed to show us where he found it and, the next time he went out, we followed. He was going round in a circle and we were following like a dog on a lead and I was thinking: 'Has he got his marks right?' when he shouted 'About here, Fred.'

"As I was flipping myself over the side, I remember he called out: 'I hope you find a cannon.' I just laughed, because I never expected to see one. But, as I swam down, I couldn't believe my eyes because, in two or three minutes, I did."

Rendell also found broken pottery and large pieces of ship timbers. They reported the new finds but the local authority was not interested. Enter Martin Woodwood, 44, a professional diver who owns the Maritime Museum at Bembridge, Isle of Wight, and is a friend of Cosheril's. In 1984, he persuaded the local divers to have another look at the site. "In the 16th century, divers couldn't go down deeper than 30ft-40ft," he says. "As this one was in fairly deep water [around 90ft], they wouldn't have been able to salvage it."

In 1985, the area was surveyed with a magnotometer, but it was not until May 12 1991 that they dived again. Woodwood found the cannon Shaw had seen originally and realised the potential of the site. Shaw then formed a group to carry on the work and it sent some of the pottery it salvaged to Bob Burns, archaeologist to the States (government) of Guernsey.

"I'd heard rumours that an interesting wreck had been found, and that it was early 18th century," Burns says. "But when I saw the pottery, I thought: *this* isn't 18th century, it's 1600 to 1610."

The Elizabethan Diving Group – as it now calls itself – has since brought up more than 100 artefacts. They include iron breastplates, matchlock muskets, cannon balls, sword scabbards, knife handles, a gun carriage, helmets, pewter pipe, bowls, spoons and stirrops. "We've brought up more on a few dives than they ever found on the *Mary Rose*," says Shaw.

Burns adds: "The wonderful thing about this shipwreck is that it's an instant in time. You have a whole cross-section of Elizabethan naval and military life sitting on the bottom of the sea and everything, we believe, belongs to February 1592. It was a period between Henry VIII and Queen Elizabeth I, 50 years after the *Mary Rose*, when seamanship and ships, weaponry, fighting tactics and methods of killing people all started to change."

Which ship was it? No one knows for sure but David Keys, an archaeologist and writer, consulted the Public Records Office at Kew in west London. He found that a warship on its way to Brittany sank off Alderney in February 1592 and that Sir John Norris, commander of an English garrison in Brittany, wrote about certain despatches being lost "in the ship that went down off the coast of Alderney."

Archaeologists are cautions, though. Michael Bowyer, now the licencee of the site, teaches marine archaeology at Bangor University in north Wales and this summer has co-directed the professional excavation with Oxford University archaeologist Menson Bound. "It could be one of a number of ships," Bowyer says. "We have a vague suspicion that it might be one called the *Makeshift*. A ship of that name was built in 1563 and disappeared from records around 1592."

Alderney's Receiver of Wrecks, David Jenkins, has proclaimed the site a protected area and no one can dive around it without a licence. The ship itself has become the responsibility of the island's transport committee, one reason being the cost of conserving the artefacts (there are no plans to bring up the whole vessel). As Burns explains: "To conserve even one breast-plate requires enormous expertise plus a large amount of time and, thereby, money because, the moment you bring it out of the water, it starts to deteriorate."

Angela Wigglesworth

Despatches / **Christina Lamb** in São Paulo

Reporter who makes crime pay

IT IS ONE of those perfect Fridays when the sun beats down from a deep blue sky and a light wind ruffles the tree tops. I am waiting to see Brazilian television reporter Gil Gomes, along with what appears to be the dregs of São Paulo society gathered together on a bench.

Suddenly, a man in a long beige mac appears, collar upturned and right hand thrust deep in a pocket from which bulges what can only be a large revolver. A vein on his pasty forehead throbbing, he paces in front of me so that I am forced to stare at his yellow linen trousers and scuffed loafers.

Behind Mr Long Mac, I see the figure of Gomes' son beckoning me away to a back entrance. "That man has come to kill my father," says Gomes Jnr, with apparent calm.

Gil Gomes is a crime reporter. Not just an ordinary crime reporter but a master of the dramatic pause who re-enacts crimes and acts of violence in agonising detail, lingering over the goriest parts. While debate in some countries rages over excess violence in films and television, Brazil has an entire programme dedicated to showing nothing but the day's most grisly crime and violence.

Every night at 6.30, around 30m Brazilians tune into SBT to watch *Here and Now* – a 90-minute tabloid show which calls itself "The programme that shows life as it really is." It is so popular that it now competes directly with the country's main naws bulletin.

An average night could start with a dramatic police chase over roof-tops in the centre of São Paulo. The highlight of the programme is usually a gruesome murder – which is the moment the viewers are waiting for. The slightly hunch-backed figure and pock-marked face of Gomes appears, leering into the camera, above a headline such as "Trail of blood on tha Andarilho road." The gravelly voice begins: "This is the story of a young girl called Ana Maria from Ceará, a story which revolted this community."

As the camera follows him along a dirt track to a simple house, Gomes tells how Ana Maria came south to São Paulo and found love and happiness. One day, she was to the house, cooking tea happily for her husband and child. "What she didn't know," says Gomes, "was that an alement with evil totent and various run-ins with the police was looking for a place to rob." (He always refers to criminals as "elementa").

One of Gomes' specialities is interviewing murderers and close relatives of their victims, sometimes even bringing them together; so, at this point, he turns to Ana's grief-stricken husband. "She was spectacular, special, a good mother," says Gomes as the new widower nods, tearfully.

Back on the dirt track, the suspense is building. To the sound of a rolling drum, Gomes continues: "The element began walking along the road looking for a way in." The camera closes in on his loafers as he enters the house. "Ana was in the kitchen . . . she cried out, the children began crying . . . when neighbours came, it was too late . . . they found Ana with a knife stuck in the back of her neck."

His face close to the camera, Gomes growls: "There can be no explanations, not a single explanation for such a barbaric crime."

The camera swings to a terrified suspect who is denying everything. "You're not a saint, are you," snarls Gomes. The man is condemned – he is wearing one shoe and one boot which fit footprints in the mud found by Gomes and the police, and has blood on his shirt.

Back in his office in the leafy Jardins suburb of São Paulo, Gomes proves a surprisingly gentle character, although unapologetic for his blood-chilling performance. "Unfortunately, here in Brazil, police take notice only when crime has been committed against rich or influential people," he says. "In common cases there is no investigation, nothing. *Here and Now* has introduced a new philosophy that everyone is important, whatever their class."

He refuses to accept that showing violence on the screen can induce more; instead, he sees himself as a kind of anti-crime crusader. "There is too much violence in the world, but what we are showing is not gratuitous violence but news. The idea is to show the stupidity and barbarity of crimes and to show that crime doesn't pay. I always show cases being resolved, assassins being imprisoned."

Gomes believes he is boosting police morale in a country where the police themselves often are the first suspects in crimes. He has, personally, solved more than 600 murders in 20 years as a crime reporter.

Gomes has no shortage of material. Brazil is one of the world's most violent countries and he has 22 murders a day from which to choose in São Paulo alone. He says: "I still get very shocked by what I see, particularly as more than two-thirds of these crimes could have been avoided if we had a better social structure and prison system."

Angling/**Tom Fort**

Walton: the Compleat truth

BEFORE travelling to the ancient city of Winchester in Hampshire for my exclusive 400th birthday interview with the man we call "The Father of the Angle", I first read the book which secured his immortality. Never before had I got far beyond the *Compleat* of the title, and wondering about the old chap's spelling.

Actually, it is not half bad, if that doesn't sound too condescending. When you think what else was on offer to lovers of prose in the 17th century – Milton's *Areopagitica* for instance – it is hardly surprising that Izaak Walton's musings on fish, milkmaids and the pastoral beauties of England became a best seller.

I tracked him down to his study in the home of his son-in-law, Prebendary Hawkins. It is a fine old house in the cathedral close. Outside the sun shone fitfully on a pleasing garden enclosed by antique walls, with a view of the cathedral beyond. As he made me welcome, I mentioned Milton.

"As a man, I did not love him. He was as a pike, a tyrant melancholy and bold, a pertinacious schismatic and Republican. For you should know, Master Thomas, that I was ever for the King and the established Church. But he was the chief poet of the land, and I a mere chronicler of the lives of better men."

He nodded, and was quiet for a moment, then added: "And my *Compleat Angler*, if I am not mistook, has been published in nigh on 400 editions in this kingdom, and America, and even in distant Japan; which, I trow, is a fate unenjoyed by that tedious *Areopagitica*."

Anyone who has dipped into Walton's book will have been struck by its distinctive tone: sweet, amiable, innocent, without malice.

I asked him about Sam Johnson, whose enthusiasm for the *Compleat Angler* inspired its revival after a period of comparative neglect.

"Johnson was a man of prudence, deep learning and piety, a good Royalist filled with virtue and mental vigour and wit. True, he was an abomination to behold, dropsical and ever a-twitch. He was unquiet in spirit. I believe angling would have been more beneficent medicine to him than the tea he drank in such immoderate volume."

I had spotted inside the front door, hung on a brass knob, a bulbous leather container which I assumed to be Walton's creel. Stretched along the wall above was six yards of ash and hazel, with a tendril of horsehair attached to the narrow end.

"Dost thou", I began, then corrected myself. "Presumebly, Mr Walton, you don't do a great deal of fishing now?"

"I am too old and infirm, Master Thomas", he replied. "And, besides, it would fill my heart with sadness to see the streams I remember from my young manhood as they are now. What fate has o'ertaken the Wandle, whence Thos. Barker and I would walk of a Maytime morn to ply the angle?"

"It runs by Youngs Brewery in the London borough of Wandsworth, Father Izaak."

"And what of its trout? I recall one of more than 20 inches, which I took with a caterpillar. Its belly was as yellow as a marigold, and part as white as a lily. We, Barker and I and Dr Donne – who was no fisher but loved abundantly the eating of them – had it in a sauce of marjoram, sweet thyme, wintar savory, anchovies and sweet butter."

The Wandle is now a dark, lifeless stream, strewn with supermarket trolleys and beer cans. "They are no more, I fear, sir. Though they make a fine ale at its banks."

"And what of the lovely Lea?" he inquired. "And of the Dove, where so oft I angled with my beloved friend Cotton?"

"There are still trouts in the Dove", I said. "And, marry, the cottage which Cotton built for you still stands, with its motto *piscatoribus sacrum* above the door, and the initials of yourself and Cotton intertwined on the keystone."

The old man sighed. "Ah, Charles, I loved him as a son. Doubtless he was, as they told me, a roisterous soul and dubious versifier. But to me he was ever gentle and filled with reverence; and in the metter of angling with the fly for trouts and graylings he was a master of guile."

There was much I wished to ask him, but I could tell that he was growing weary. I knew that I had to hit him with the controversial questions now. I asked: "Forgive me for vexing you, Mr Waltou, but I must put to you the charge that the *Compleat Angler* was not original, that you took other people's ideas without acknowledgement."

"Master Thomas", he chided. "He who turns his back on the wisdom of others is no wise man but a fool. This complaint was made against me by one Richard Franck, a trooper in Cromwell's army and a right cribbed and dolorous soul. And how many editions are there of his dreary tales, I wonder?"

I pressed on: "And what about the allegation that you were – sorry, are – a credulous dupe? Believing that pike were bred from a special weed, and that eels were spawned by dew, and that frogs eat fishes' eyes and so on?"

"Peradventure I was wrong. Many matters are known now which were not known then. But for all this knowledge, Master Thomas, are we more contented now?"

FOOD AND DRINK

Where to find the best Festival fare

Nicholas Lander picks his favourite places to eat and drink in Edinburgh

TO DISCOVER the restaurateur's view of life during the Edinburgh Festival I phoned Tim Cumming, chef-proprietor of the Vintners' Rooms, a man who had catered for festival goers at his previous restaurant in Bath.

Was it, I asked him, the equivalent of two Christmases in a year? Better, came his prompt response. The festival lasts longer; because of the timing and the frequency of the performances customers hop from restaurant to restaurant as well as from event to event; corporate entertaining is rife. But the unique ingredient, he added, is the atmosphere. The only time Edinburgh had the same sense of carnival, he felt, was before, and after, a rugby international at Murrayfield.

Visitors to the Edinburgh Festival obviously contribute to this ambience but in return they benefit from two elements particular to this city.

The first is that the Edinburgh restaurant scene is an excellent example of an open market at work. This is a medium sized city with an unusually large number of restaurants, cafés and bars (I have never been anywhere with so many privately owned, personally run restaurants). Demand regulates price and, although there are expensive restaurants, I feel that in Edinburgh's restaurants, prices are lower overall and the price/quality ratio higher than anywhere else in Britain.

The second factor in ensuring such good value for money owes more to history than economics. Perhaps because of the Auld Alliance and Edinburgh's long association with France, Edinburgh restaurant-goers demand quality.

Like the French – but still unlike most of us long-suffering Brits – the burghers of this city vote with their feet: those places that become too expensive or unappreciative of their customers lose out to those places that are prepared to look after them better. For the restaurateurs, Edinburgh is a demanding market place; for the consumer, there are some certainly some wonderful treats.

UNIQUELY EDINBURGH

In the newly opened Traverse Theatre, Cambridge Street, close to the Lyceum Theatre and Usher Hall, a good looking bar in the basement with food and, on the ground floor, the Atrium restaurant with chef Andrew Radford (228-8882), and next door his sandwich bar, The Kiosk. (All numbers take an 031 prefix, the Edinburgh code).

Les Partisans, (known by the locals as Les Patersons!) Royal Mile, (225-5144) great value food and wines; Café d'Odile, under the French Institute in Randolph Crescent but not licensed and lunch only (225-5366); The Doric, Market Street (225-1084), Le Marché Noir, Eyre Place (558-1608) for its wines too and Pierre Victoire, Victoria Street, (225-1721) for exceptionally low prices. Kelly's, West Richmond Street, (668-3847), has a strong local following.

Leith, Edinburgh's harbour, offers a wide range: The Vintners' Rooms, (554-6767) where, in the candle-lit vaults, you can almost sense the ghost of Bonnie Prince Charlie; Martnette (555-0922) and Skippers (554-1018) for fish. The Waterfront, Dock Place, (554-7427) and The Shore Bar, (554-5080), The Shore, are two popular bars with good food and wines.

ALL DAY EATING

Maison Hector, Stockbridge (332-5328) for great soups and close by, Bell's Diner (225-8116) for the best hamburgers and bratburgers for the children; Café Florentin, (225-6267) St. Giles Street off the Royal Mile, open 24 hours during the Festival; Helios Fountain, a coffee house/ bookshop in the Grassmarket (229-7884)

VEGETARIAN

Kalpna, Patrick Square (667-9890) where a plate of Indian food from their lunchtime counter is about £3; Black Bo's, Blackfriars Street, (557-6136), just off the Royal Mile; the long-running Henderson's, Hanover Street (225-2131) and the recently opened Pierre Lapin, West Nicolson Street (668-4332).

ETHNIC

For distinctive Italian food, Pellicano (661-6914) at 110, Easter Road and Tinelli along the road at number 139 (652- 1392). More central, at 58 North Castle Street, is the more expensive Cosmo (226-6743).

For Thai food Siam Erawan, 48, Howe Street (226-3675), Kris in Raeburn Place for Malaysian cooking (315-2200), Kweilin (557-1875) and Loon Fung (556-1781) for Chinese food.

The Far Pavilions (332-3362), Shamlana (228-2266), Suruchi (556-6583), opposite the Empire Theatre and Monsoon (346-0204), complete with a beer list, for spicier Indian cooking.

DRINKING

The most elegant venue is still the Café Royal at the east end of Princes Street, complete with oyster bar. By the King's Theatre are Bennet's and The Golf Tavern; for draught Guinness and Murphys try the Barony Bar in Broughton Street.

Great pubs include Mather's, Queensferry Road, The Cumberland Bar and the Bow Bar, with a huge range of malt whiskies, Kay's in Jamaica Street, the Canny Man's in Morningside Road and the aptly named Malt Shovel Inn, just off the Royal Mile.

In Leith visit Tod's Tap in Bernard Street and/or treat yourself to a malt whisky tasting at the Scotch Malt Whisky Association, 87, Giles Street (031-554 3451).

EXPENSIVE

Martins, Rose St, North Lane (225-3106), particularly for his range of exciting Scottish cheeses; The Witchery, Castlehill (225-5613), and the Pompadour restaurant in the Caledonian Hotel (225-2433). L'Auberge, 58, St Mary's Street, (556-5888) offers better value at lunch than dinner.

Finally, should you want to escape the 1.3m festival-goers, try to get a booking at La Potinière in Gullane (0620-843214) a 45-minute drive west. Lunch Tuesday-Sunday, dinner Saturday only with one of the country's great, and most reasonably priced, wine lists.

An invaluable guide to many of Edinburgh's attractions is the recently published *Scotland the best!* by Peter Irvine (published by Mainstream, £9.99).

Champagne is in crisis, with falling prices and over-production. What does it mean for the consumer?

Surfeit of a good thing

THERE IS much confusion about champagne. Is it as good as it used to be? Is it too expensive – especially the well-known brands?

In general, the quality is higher, thanks to more stringent regulations in the trade and competition outside. In the boom years, up to 1989, when demand threatened to exceed supply of grapes, just about anything sold – including champagne made from low-quality, immature grapes.

Today, new and improved presses have raised the quality of the must, the third pressing has been eliminated, and the inclusion of the second pressing may be suspended while crops are so large and sales reduced. Also, the minimum legal bottle age before it is released for sale may be increased from 12 to 15 or 18 months, while cash-flow problems may delay replanting and increase the average age of the vines in some vineyards.

The combination of three exceptionally large crops – with a fourth likely this year – and the recession that began in 1990, has led to the highest age-level of stocks for nearly 20 years, when the excess quantities were much smaller. They have now reached the equivalent of nearly a billion bottles in cask, still wine and bottle. This is nearly five years' worth of saleable champagne, rather than the traditional three. And the interest charged on an extra year's stock in densely-packed cellars is formidable.

Hit particularly hard have been those growers (*cultivateurs-manipulants*) who market their own wines, mostly to private clients and the co-ops, which are obliged to buy their members' wines. Although there are excellent growers who sell privately to clients all over France, the majority do so on what is called a *premier prix* basis: as soon as possible after the minimum one-year ageing in bottle is past.

Such growers have been hit by supermarkets which sell champagne at prices as low as FFr50 (£5.69) a bottle and, at special times of the year, as low as FFr40. One might have a regular *petit fournisseur* down in the Vallée du Marne but, rather than buying a couple of cases occasionally and paying the freight, in difficult times it is more convenient to drop into a French supermarket and pick up a couple of bottles.

Champagne is expensive because the grapes and the method of production are costly. If, as is suggested, the price of grapes is reduced this coming vintage from FFr24 to FFr20 for the top village wines, it will be FFr16 for the lowest. It takes 1.2 kilos of grapes a bottle and, after materials, labour and interest charges, the total will exceed FFr43 without overheads or depreciation. One of the largest, most-respected *manipulants*, with holdings in top-quality Côte des Blanc vineyards and selling 200,000 bottles a year, told me: "We cannot live on FFr50 a bottle!" They sell it for more to the British high street wine merchant Oddbins, which now retails the 1989 Blanc de Blanc for £16.75.

If grape prices were to fall further, the merchants would secure fewer grapes, as the growers would sell to the co-ops, and improved quality would be at risk. Worse, many more growers might start to make their own champagne without the necessary know-how, the sophisticated equipment or the marketing experience.

The overall picture today shows that, for large-scale selling, there are two fairly distinct quality/price levels of champagne: the variable quality, low-price ones, retailing in the UK from below £10 a bottle up to £12; and the should-be-reliable, non-vintage at *grande marque* level that dominates the international trade, costing between £17 and £22. Additionally, there are the vintage and prestige *cuvées*, sales of which – apart from Dom Pérignon and Roederer Cristal – are small at up to £50 a bottle.

So, what to get? For low-price champagnes, you should buy selectively, almost certainly not at the lowest prices and avoiding those with fancy label names. Such champagnes could be bargains but, as with some I have tried, they may be coarse and short in bouquet and taste. The best way is to test them by buying single bottles of several brands. Supermarkets' own labels may be the best.

Champagne needs some ageing and, for this, the *grandes marques* have a great advantage. The average age of their non-vintage stocks may be approaching five years and should be flavoursome and rounded, with an attractive bouquet. Their prices have come down, too, if only – in Britain – because of sterling's devaluation. But all Champagne is in crisis, with few of the houses making a profit. There is plenty of reason to buy now.

Edmund Penning-Rowsell

Labels that tell a story

CERTAINTIES seem to have disappeared in the world of champagne – except for the certainty that selling it is extremely difficult just now. Once, we were told that only the so-called *grandes marques*, or big brands such as Moët & Chandon and Mumm, had the stocks and blending ability to produce reliably good wine. Champagnes made by growers in much smaller operations were dismissed as kitchen sink concoctions; and as for supermarket champagne – well, that was simply undrinkable.

In the British wine market today, the *grandes marques* (now re-defining themselves, in any case) have been losing share to a plethora of less familiar labels. Some are from individual growers, some from co-operatives, and some from substantial operations which specialise in buyer's own brand (BOB) champagne (such as the giant Marne et Champagne, the bottling lines of which supply a multitude of Pol Thises and Veuve Thats).

This is not just because the British have become a nation of cheapskates but because UK wine merchants have discovered that growers' champagnes can be delicious and that some of the BOB cuvées can offer fair value, even in comparison with the dramatically improved sparkling wines of the new world.

One merchant, Bibendum of London NW1, recently celebrated an offer of its four favourite growers' non-vintage champagnes by organising a blind comparison of them with five *grandes marques*. Extraordinarily, the preference of customers – on the ground of taste alone – was for the cheapest of all, Albert Beerens Reserve at £11.99.

Their second favourite was another inexpensive Premier Cru Blanc de Blancs champagna from Michel Fearat at £13.99. Bollinger, the most expensive wine of all at £21.50, took only third place, just above Louis Roederer, Veuve Clicquot and Pommery.

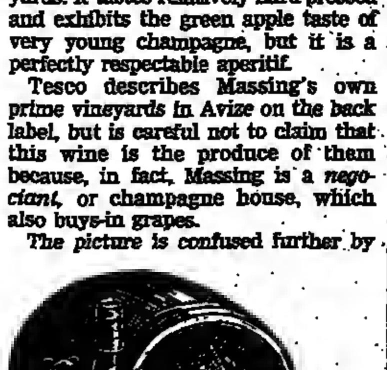
My favourite – and that of Bibendum's Willie Lebus – was the beautifully-balanced, mouth-filling Cuvée de Reserve from grower Henri Billiot of the top-quality Pinot Noir village of Ambonnay. At £17.99 (and available also from Adnams of Southwold), it is not cheap; but it is extremely well-priced for a connoisseur's champagne of this quality which could be served happily throughout a meal.

For those who insist on a name their guests will recognise, Bibendum has a particularly good price on Pommery (£13.95), which showed well in this tasting.

For champagne at rock-bottom prices, the supermarkets cannot be beaten and are at constant war with each other over price and quality. Probably the best value at the moment is Tesco's Louis Massing Grand Cru Blanc de Blancs at just £8.99, an all-Chardonnay wine apparently exclusively from top-rated vineyards. It tastes relatively hard-pressed and exhibits the green apple taste of very young champagne, but it is a perfectly respectable aperitif.

Tesco describes Massing's own prime vineyards in Avize on the back label, but is careful not to claim that this wine is the produce of them because, in fact, Massing is a *negociant*, or champagne house, which also buys-in grapes.

The picture is confused further by the number of growers who stick their own labels on the produce of the co-operative to which they belong, so that a champagne which looks very personal to the consumer really comes from an enormous blending vat.



The Champenois have long had two letter codes which must appear on every champagne label; these allow those interested to identify the status of a given champagne producer. NM denotes one of the 250-plus champagne houses which buy-in and blend wine, and own vineyards as well. CM denotes one of the 42 co-operatives, which own about 200 brands between them. And MA denotes one of the several thousand BOB brands.

Since last December, however, growers have had to declare themselves as either RM (one of the 2,100 producers of champagne from their own grapes) or RC (a grower which puts its own label on a co-operative wine).

So, once these labels have made their way into commercial channels, we can all identify genuine growers' champagnes (RM), and genuine champagne houses (NM), although good short sight is required.

Jancis Robinson

Cookery/Philippa Davenport

It's time to pass the pork, please

TO AVOID eating pork in summer is a safety precaution that no longer applies in this age of refrigeration. Old prejudices are not easily dispelled, however, and many butchers still find it hard to sell pork when there is no "R" in the month. To encourage more shoppers, summer pork is often sold cut-price – good news for bargain hunters.

Pork tonnato makes a fine summer party dish at half the cost of veal tonnato. Another splendid choice is loin of pork boned and rolled round a stuffing of mushrooms or prunes and pistacchio.

This is braised in a glass or two of white wine with the pork bones and rind alongside the joint so that the amber liquid sets to a jelly that can be chopped and served with the succulent cold meat.

August is, however, a holiday month, the time when most cooks hang up their aprons so far as entertaining is concerned. Homely dishes suitable for family picnics and speedy suppers to serve at the end of a long day's outing are what is needed. Kitchens in rented holiday cottages tend to be basic, so the simpler the cooking the better.

Making sausagemeat and paté mixtures from lean belly of pork is fun and not very hard work.

This month at any rate, rather than make my own sausagemeat from scratch, I favour buying the best sausages the butcher offers (or buying a reliable, high meat content supermarket offering, such as Waitrose's Traditional Pork Sausages). Take the meat out of the skins, work in a few extra seasonings and use it to make such things as sausage rolls, scotch eggs and meatballs.

To put such dishes on the menu will win no marks for originality, but if they are freshly cooked and prepared with care, they may earn the cook a standing ovation from senior as well as junior Billy Bunters.

SCOTCH QUAILS' EGGS
(makes two dozen)

No larger than plums, the ratio of meat to egg makes these especially good. Eat them on the day of making, preferably hot from the pan, with a salad, or, more traditionally, eat them cold.

2 dozen quails' eggs (or 1 dozen hen's eggs), hard-boiled, cooled and shelled; 1¼lb meaty, coarse cut sausages; 1 garlic clove, crushed; fresh torn tarragon leaves; 1-2 tablespoons freshly grated Parmesan cheese; Dijon mustard; 2 beaten eggs; ¼lb fine, dried breadcrumbs; oil for frying.

Strip the skins from the sausages and mash the meat with a fork in a soup plate, gradually working in the garlic, tarragon and Parmesan. Divide the mixture into 24 pieces. Flatten them, one at a time, on a damp work surface into a circle large enough to wrap round a quail's egg. Spread each circle with a little mustard, place a shelled egg on top and mould the sausagemeat round it firmly and evenly, making sure there are no cracks.

Roll the meat-enrobed eggs in highly seasoned flour, dip in beaten egg and coat with breadcrumbs. Chill to set the coating, for at least 15 minutes, before frying in batches in oil heated to 350-360 F (180-185 C). They will need about four minutes. Drain well.

SAUSAGE ROLLS
(makes 20)

Delicious hot and almost as good cold. Ideally the added seasonings should be mixed into the sausagemeat an hour or more before baking to allow flavours to blend.

1 lb meaty, coarse cut sausages; 1 garlic clove, crushed or finely chopped; the leaves stripped from a few sprigs of thyme and oregano (or chopped rosemary needles or shredded sage leaves); 11-13oz ready-made puff pastry; beaten egg to glaze.

Strip the skins from the sausages and mash the meat with a fork in a soup plate, gradually working in the garlic, herbs, and a little salt.

Cut the pastry into six pieces. Roll each one to an oblong 4 x 12 inches and let them rest for 10 minutes.

Divide the sausagemeat into six pieces and roll each piece, with floured hands on a floured work surface, into a 12in rope.

Lay the "ropes" down the length of the pastry strips, slightly to one side. Paint the pastry edges with beaten egg. Fold the pastry over the meat and seal the edges firmly, pressing with the prongs of a fork.

Cut the sausage rolls into 3in lengths and transfer them to damp baking sheets. Glaze with beaten egg; slash the tops to allow steam to escape and bake for 25-30 minutes at 425 F (220 C) gas mark 7 until golden, puffed up and crisp.

MEATBALLS WITH APPLE & FENNEL
(serves 4-5)

1lb meaty, coarse cut sausages; 1 garlic clove crushed with salt and mixed with ½ teaspoon bruised fennel seed; 1 dessert apple (Braeburn from New Zealand are probably the best bet just now); 2-3 fennel bulbs; 1-2 tablespoons chopped parsley; ½pt Bulmer's No. 7 (or unsweetened apple juice plus 1 teaspoon vinegar); butter and olive oil for frying.

Strip the skins from the sausages and mash the meat with the garlic and fennel seed. Break off small pieces of the mixture and roll into 16-20 small balls.

Trim the fennel, cut the bulbs into wedges and fry them in a little butter and oil. Remove and keep warm. Then fry the apple, peeled and cut into crescent moon slices.

Add a drop more oil to the pan if necessary and, when it is hot, add the meatballs. Sauté them, shaking the pan to roll and turn them, until slightly crusted outside and cooked right through.

Lift them out. Deglaze the pan with the cider, letting it bubble up while you scrape the meaty sediment from the pan base. Pour the gravy over the meatballs and serve them with the fennel and apple, sprinkled with parsley, on a generous bed of mashed potatoes.

Appetisers

Cut-price Pétrus

■ A sign of the times in Bordeaux is the just-released, greatly reduced opening price of Château Pétrus 1992, as offered by its UK agents, Corney & Barrow, London EC2 (071-251 4051). In advance of a very large but mostly wet vintage, not only was severe summer pruning undertaken, but from the beginning of September the whole 11 hectare vineyard was covered by plastic sheeting – a costly operation. Picking took place on three sunny afternoons between September 23 and October 1. The result was 3,000 cases of 12.8° wine – 25 per cent fewer cases than normal. No Pétrus 1991 was offered, but compared with opening in-bond-London prices of £1,150, a case for the 1989 and £1,050 for the 1990, the 1992 is offered at £550 – as the quantity is limited, on allocation. *EPR*

* * *

Invergordon Distillers recently invited a number of drinks writers to the Hebridean island of Jura to select a special release at cask strength. We nosed 20 whiskies at between 54° and 68°, and now 200 bottles of this "critics' choice" whisky have been released for sale. The 20-year-old whisky (54°) has a pleasant, nutty character from refilled sherry hogshead. Enquiries to Invergordon (031-554-4404). UK price £39.95, including P&P. *Giles MacDonogh.*

* * *

Since my article on tawny ports appeared last week the excellent port house of Niepoort has found a UK distributor. Enquiries to Bibendum (071-722 5577). *GM.*

Lydia van der Meer

Angela Barlow wears a man's silk shirt bought by her husband David for £35 from the men's department of John Lewis. With it she wears culottes, part of a range of co-ordinating separates which David purchased for her many years ago and which she still wears

The closet life of a well-dressed doctor

Liz Walker meets a doctor who enjoys clothing his partner

DAVID BARLOW is a consultant in genito-urinary medicine at St. Thomas's Hospital in London and a member of Instant Sunshine, a band of singing doctors taking part in the Edinburgh Festival at the Pleasance Theatre. His wife Angela teaches the Alexander Technique, a method of adjusting the posture aimed at reducing stress, improving breathing and promoting a general sense of well-being, in Dulwich and central London and David loves buying clothes for her, though he is careful to explain that he certainly does not buy *all* her clothes.

"I sometimes feel a bit guilty and wonder if I am trying to create the sort of Barbie doll I would like to be married to. But on the whole I think that my motivation is otherish rather than selfish," he says.

"The first item I ever bought her was a pair of knickers with attached suspenders, slightly naughty as we were not yet engaged. Tights had yet to be invented. I was a penniless student so technically she might have paid for them. I do get funny looks in certain shop departments but it does not bother me very much as I face potentially embarrassing situations in the hospital every day.

"The first important piece of clothing that I got for Angela was her going-away outfit, a rather unusual garment. We were going skiing so I chose a beautiful maroon corduroy plus-four suit from Simpsons in Piccadilly – the shop has been sending me brochures ever since and I sometimes shop there. I am not in charge of Angela's clothes. If I was she would never have a skirt or a bra or any of the real essentials. I buy things rather on an ad hoc basis, usually when I am away at a conference or something."

Angela remembers a time "about 15 years ago when the children were very small and David went out to do the weekend shop – meat, two veg., that sort of thing. Hours later he came back with dozens of Harrod's bags filled with co-ordinating skirts, blouses, the first culottes ... an entire wardrobe. It was wonderful."

David says that whenever he goes abroad "the standard present that I buy for Angela when I am on business is a silver bracelet; come to think of it my mother has got a lovely ethnic silver bracelet, and my father often went shopping with my mother to choose clothes with her and she is also very elegant."

He admits that he thinks he has made the occasional mistake. "But I think Angela is too polite to mention them. One disaster I remember was a sort of 1920s dress with silver lurex threads running through it. I don't read *Harpers* or *Vogue* but did feel very ahead of things when I bought a dress and jacket with shoulder pads in Macy's. It must have been about the time that the television soap *Dallas* was showing, and some lady, who thought I was trying to pick her up, tried it on for size. My daughter is three inches taller than my wife and I don't always get things right for her – she won't even let me cut her hair, although I cut her mother's."

Angela rarely buys clothes for her husband as he is "always on the verge of losing some weight." She feels that she never gets ties quite right, but she is the arbiter of taste when it comes to the house and particularly furniture.

"Wine is my thing," adds David, "and I do feel that there are different sorts of money: funny money that you buy a house with, silly money, and goodie money for clothes and things ... but that is crucial, too."

At last, the no-knife face-lift

*Until now women who hoped for a younger face had to be rich – and brave. Surgery was the only option. **Lucia van der Post** looks at a British invention, the non-surgical face-lift – painless, more affordable and non-invasive*

THOSE of you who are accustomed to seeing nothing but the professionally perfect faces of full-time models on the page may wonder what somebody normal, somebody much more like you and me, is doing here. She is Alice West, who has bravely agreed to show her own warm, lived-in, unmade-up face as it was before (on the left) and after (on the right) she embarked on a course of treatmants that purport to do, non-surgically, for the face what a cosmetic surgeon does with the knife. Here, say its proponents, is the first real alternative to surgery, the first non-surgical face-lift.

To most of us, rendered sceptical by the frequent and often conflicting claims of the cosmetic industry, this sounds rather too good to be true. Creams come and go, machines come and go, but lines, wrinkles, sagging and all the other ills that flesh is heir to tend to survive them all.

To be fair, the literature put out by the team behind Perfector (the treatment that Alice West was given) does not talk of miracles. Rather it says it offers "a completely relaxing, natural way to delay the ageing process." Or "a uniquely holistic face lift, toning and tightening the underlying muscles and therefore the skin."

So what exactly is Perfector? It is a smallish machine, not much bigger than an office computer. The treatment is based on sending micro-current impulses through the skin to the underlying muscle and tissue, where it speeds up circulation of the blood and lymph, leaving the skin better-toned and firmer. An extremely low voltage is applied via two hand-held cotton-tipped electrodes which are guided by the (trained) operator to stimulate the areas being treated.

Micro-current techniques have been used for some time in the medical world, particularly in the rehabilitation of stroke patients, but are only just beginning to be used in the beauty world.

The good news is that the treatment is entirely non-invasive and, at between £360 and £540 for the full works, it is also a lot cheaper than a full-scale surgical face-lift.

I had one hour's treatment and it was as restful and peaceful as having a facial or a massage anywhere else. I certainly had the impression that I looked fresher, better-slept, more rested after it and – probably more to the point – so did my exceedingly sceptical husband.

For the full effect to be seen, the whole "face-lift" to be perfected, a course of two one-hour treatments a week for six weeks is recommended. After that a top-up once a month or so should help keep the damage at bay.

Heather Kirby is a journalist who says she went along full of worldly cynicism ("Oh, yes, pull the other one," she thought) but stayed to have the full course and is very impressed.

"First they did half my face. Then they showed me a mirror and I could see a difference, so I begged them to get on with the other half. Most of my friends say 'goodness, you look good, what have you done?' When I say I've had a face-lift their mouths drop open. My sister was so impressed that she insisted on taking me out into the garden to see me in the light. She was still impressed. I think it is a brilliant half-way house between doing nothing and surgery. It is very relaxing, it doesn't hurt and above all that Mrs Thatcher bound-dog look that I had when I woke up in the morning has gone."

Stella Mansfield, a 48-year-old divorcee, has also tried the treatments. "I go regularly to the B Beautiful Salon in Romford in Essex for leg waxing. One day Nuala Briggs, who owns it, suggested that I try the treatment. I have never got on well with facials because I don't have blackheads or open pores but after one go with Perfector I wanted to have the full set of treatments. I didn't tell anybody what I was doing but all my friends started saying that I looked so well – they said my skin glowed so much I must be having an affair!"

Though Perfector is primarily used on the face it is said to do wonders for stretch-marks and flabby muscles elsewhere. The treatments cost between £30 and £45 a session, depending on salon. For details of the nearest salon offering the treatments ring 0628-532007.

Avon Advertiser

Alice West before and (right) after her 'facelift' at the Health and ... ... Relaxation Centre at 21 West Street, Wilton, Wiltshire

Dino II fits the bill

WAY BACK in 1963, when Aram Designs was about the only place in England where you could find truly contemporary furniture and when the very first Habitat was thrilling its new customers in London's Fulham Road, Zeev Aram designed a multi-purpose storage system called Dino.

Those were the days when flexible storage systems were concentrating the minds of many of the design gurus of the day. Most of the systems that emerged were too clever by half. So multifarious were the options, so infinite the possibilities, that most of us gave up working out the permutations, waved a hand at something simpler and said "We'll take that."

Dino, though, was different. True, it needed a greater mind than mine to cope with all the measuring-up and fiddling about, but its essence was engagingly simple. A system of beechwood uprights set 3 ft apart with grooves cut at 3 in intervals along both sides formed the framework. Into the grooves could be fitted four sizes of storage boxes and drawers, four sizes of cupboard doors, writing tables, bunk beds and kitchen units. It could be used in the kitchen, study, sitting-room, bathroom, bedroom ... almost anywhere.

And on top of all that, it looked very attractive, too.

Its attractiveness became part of the problem. The range was so wide that the manufacturers found it impossible to cope with the range of products and when Aram Designs moved from its Kings Road site to Covent Garden, the system was discontinued.

However, round about the time that Dino was launched a small boy called Jasper Morrison was born who grew up to be a designer. He had been aware of Dino most of his life. "It was," he says, "a design far ahead of its time. I always loved it but felt it could be made simpler to make it more accessible."

Twenty years after it was discontinued Jasper Morrison suggested to Zeev Aram that Dino be re-edited, updated and re-introduced. Dino Mark II, pictured below left, is the result. The look has been retained – uprights with grooves to take the shelves are its essence – but it has been greatly simplified. It is now primarily a shelving system (no bunk beds, cupboards, kitchen cabinets and the rest) with two different heights: 1100 mm and 2060 mm. The width from centre to centre is 900 mm, the depth 330 mm. There are also storage boxes in two depths which also fit into the uprights. Height and width can be altered by simply cutting the uprights or the shelves to the size required. The shelving could therefore usefully be used in a room with a sloping ceiling, with each upright cut to fit.

The uprights and shelving are made of MDF (a new improved and strengthened medium density fibreboard) while the tray and drawers are in solid beech.

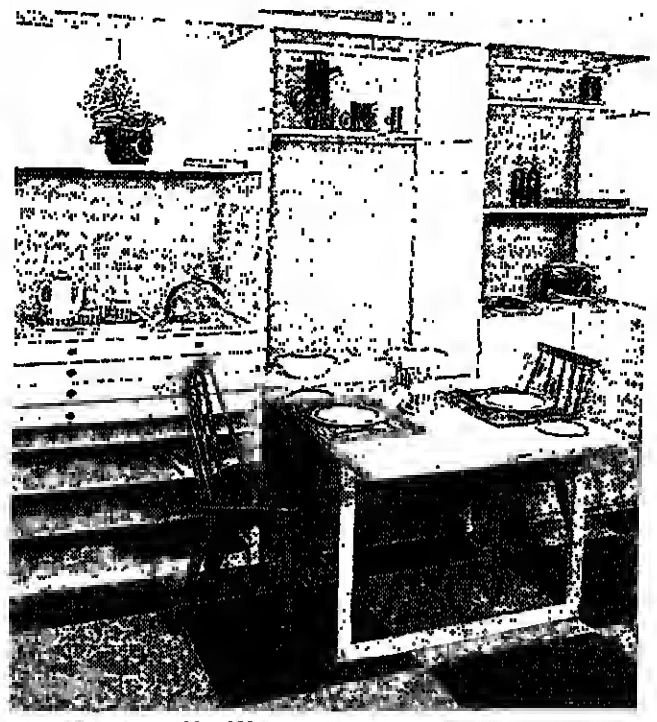
Whereas the old system had to be clipped to the wall Jasper Morrison has made the new one free-standing using aluminium bracing to stabilise it. Though the system is officially easy to assemble with the help of a screwdriver, those for whom the letters "DIY" strike terror into the heart can take advantage of Aram Designs' installation service.

The design is just as pleasing to look at after all these years. The distinctive crenallated edges are still there but the overwhelming impression is of shelving that is simple but not stark. Warm, useful and, above all, flexible, it is the sort of storage that almost every house could do with.

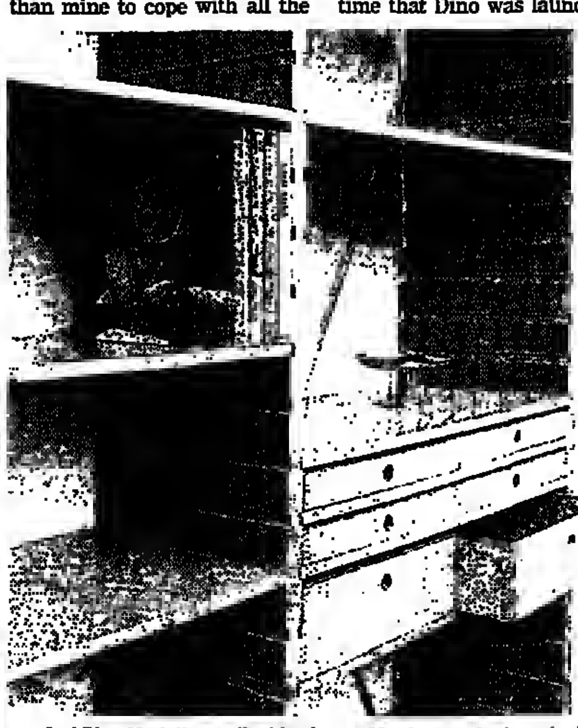
Tall uprights are £76 each, low ones £46, base shelves, £15, single shallow drawers are £54 in solid beech, £33 in MDF, single deep drawers are £66 in solid beech and £45 in MDF.

The system is on display at Aram Designs at 3 Kean Street, Covent Garden, London WC2B 4AT and 65 Heath Street, Hampstead, London NW3. Aram Designs also has an explanatory leaflet which it will send on request.

LvdP



Dino first time round in 1963 ...



... And Dino Mark II, re-edited by Jasper Morrison and relaunched

Crochet out of Africa

ANYBODY WHO has been to Zimbabwe will remember the rows of crocheted cushion covers and bedspreads spread out in all the places where tourists gather. Crochet work is endemic, but the quality varies from the crude and inexpertly executed to the extremely finely wrought.

Geraldine Jackson, who comes from that part of the world, has brought to the UK a selection of very fine quality crocheted linens. All are made by hand – which means that no measurements or designs are identical – and all use 100 per cent four-ply ecru cotton yarn. They are made by groups of Zimbabwean woman gathered together by a local farmer's wife, who was distraught at the hardship caused by the drought of the last few years and who felt that truly beautiful work ought to have a ready market overseas. She insists on the highest standards and the work I have seen is very fine.

Prices seem extraordinarily reasonable, given the skilled handwork. A queen-sized bedspread in the "Bubble" (Mapuda) design, 100 in by 100 in, is £103.50. King size, 100 in by 125 in is £120 and 21 in by 15 in cushion covers are £11.75.

Geraldine Jackson is preparing a full-colour catalogue of all the designs which should be ready in a couple of weeks. She has a cache of bedspreads arriving shortly but some designs may have to be made to order, which will means a wait of a few weeks. All are available from Geraldine Jackson, Pink Flamingo, 4 Cheyne Row, Thorncombe Street, Bramley, Surrey, GU 50 LU.

LvdP

The hand-crafted look

Athletics/**Tim King**

Battle for the gold

WITH THE world athletics championships starting today in Stuttgart there must be a suspicion that, whatever the television commentators tell us, we are probably being served something less than haute cuisine.

Already attractive items have been scrubbed from the menu: some athletes are simply giving the championships a miss. The Kenyan Yobes Ondieki, who broke the 10,000m world record earlier this year, says he does not want to run a championship this year and nor does his wife Lisa, the Australian marathon runner.

Noureddine Morceli, the Algerian 1,500m world record holder, has said he will not compete because there is no prize money and no glory, though there is still a chance that pressure from his national federation and the International Amateur Athletic Federation, the sport's governing body, will get him to the start line. Rumours persist that a select few athletes are being paid to appear at Stuttgart, but of those who are competing and will be given star billing, several are not at their best.

International championships were once rare contests. This is only the fourth world championships. The first three were four years apart, but Stuttgart follows just two years after Tokyo. In the three years 1991-93 we will have had two world championships and an Olympic Games. Next year it is the European championships and Commonwealth games.

The frequency of big championships gives athletes no respite in their training and competitive cycle, but it is attractive to television.

The European Broadcasting Union paid the IAAF $8m for European broadcasting rights to events staged between 1987 and 1991. For events between 1992 and 1995, of which the Stuttgart championships is the first of significance, the EBU is paying $91m.

Thanks to television and its money, athletics gives the appearance of being a rich sport. But at various levels there are disputes as to how the cash is distributed.

In Britain, the British Athletics Federation has been accused by one of its own management board members of prostituting itself in staging the £200,000 100m showdown between Linford Christie and Carl Lewis at Gateshead. How, asked Derek Johnson, could British athletics lobby effectively for money from the government or the Sports Council if it was seen handling the kind of money spent on the Christie-Lewis show?

At what were once known as the grass-roots of British athletics (before the advent of the all-weather track), there is little sign of the sport's new-found wealth.

Impoverished local authorities are struggling to keep tracks open and fit for competition. The athletics clubs are finding it hard to meet the cost of transporting teams to and from competitions.

In the international arena, athletes have been voicing discontent over whether they are getting a fair share of the sport's revenue. Tom Jennings, a representative on the US track and field council, predicts e showdown with the the IAAF.

"All it would take is one good boycott [by athletes]," he says. On the eve of the world championships, the IAAF's congress met this week in Stuttgart. Its most depressing decision was to move the IAAF's headquarters from London to Monte Carlo. This amounts to a further concentration of power in the hands of Primo Nebiolo, the IAAF president.

It is hard to see how IAAF finances will be made more accountable by a move to Monte Carlo, where Nebiolo has already established the International Athletics Foundation, an off-shoot of the IAAF, over which he has even tighter control. Although the IAF's multi-million dollar balances are supposed to be devoted to good works, their most visible use is in paying for a lavish gala at the end of each season.

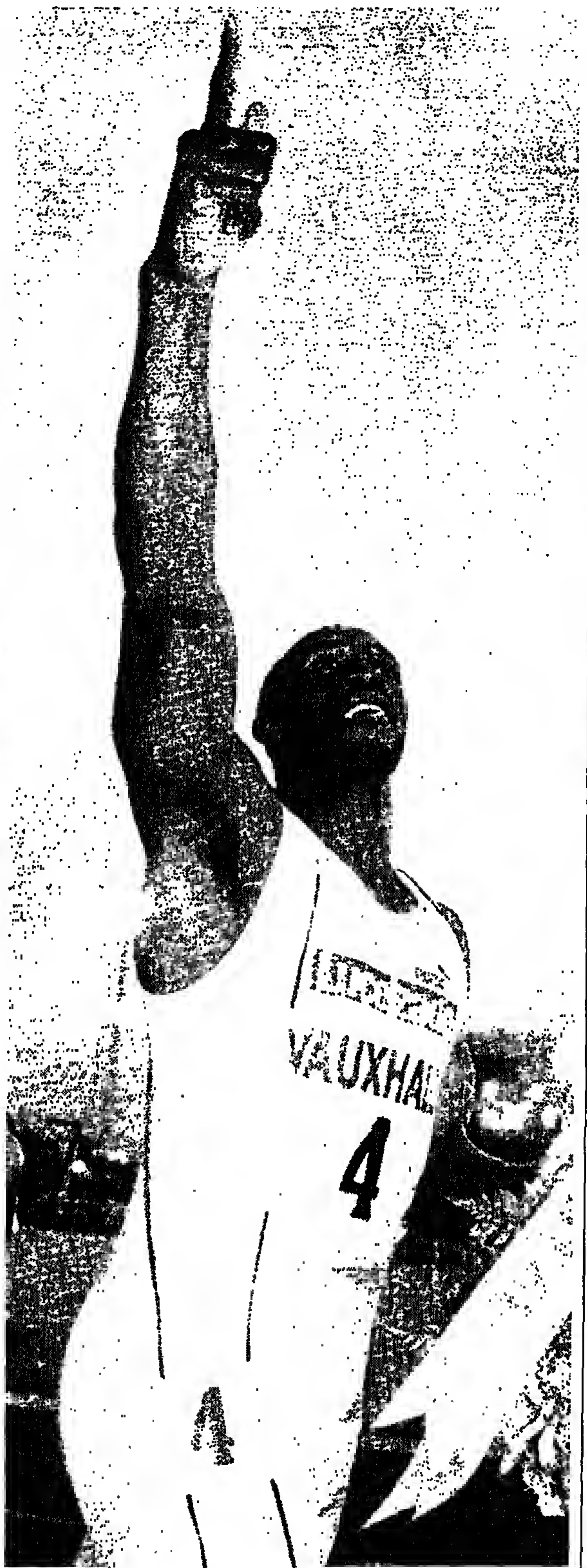
Arguably, there should be a publicly-agreed structure to pass revenue down from the IAAF to member federations. In practice, IAAF funds are spent as Nebiolo and his council permit, and the supposedly non-profit-making body is accumulating befty financial reserves.

The IAAF's published speoding plans for 1992-95 show that of a total hudget of $172.3m, $16m has been allocated to meetings – not ethletics events but the gatherings of Dr Nebiolo and his committees in various parts of the world. That sum is not so far short of the $21m allocated for the development of the sport internationally, and far in excess of the $1.9m to be spent on combating the sport's drug users.

The IAAF congress has rejected a proposal to make sentencing more lenient for those failing drugs tests. There has been e steady stream of athletes found using drugs – most recently Tatyana Dorovskikh, winner of three world championship gold medals. The drug-testing techniques and punishments are already insufficient deterrent when set against the financial rewards which athletics success can now bring.

Canadian hurdler Mark McKoy is one of those athletes who have been convicted of drug-taking but have since been rehabilitated. Last year he won the Olympic gold medal in the 110m hurdles. This year he misses the Stuttgart championships because he fell out with his national federation and was not selected.

In commercial terms, he may be fortunate. The shine of his Olympic medal cannot now be tarnished by defeat at Stuttgart, and later in the season there can be a handsomely-paid run-off between him and the new world champion.



Gray Mortimore

Number one: Linford Christie after winning the 100m in Gateshead

Yachting/**Keith Wheatley**

Crewman courageous

BEFORE each Admiral's Cup, arguments are advanced that the 605-mile Fastnet Race has no place in what has become a series of inshore races for yachts more like giant dinghies than blue-water vessels. Yet the three-day classic always furnishes excitement and drama that no afternoon dash round the buoys could provide.

This year was no exception. The most gripping racing was between three 50-footers: *Indulgence* (UK), *Ragamuffin* (Australia) and *Corum Saphir* (France). They raced the entire course virtually within hailing distance of one another and finished in the above order with only 23 seconds between first place to third.

"This has to be the closest yacht-racing available in the world," said *Indulgence* owner Graham Walker as the crew celebrated under television lights at the Plymouth finish line. It was a boat packed with experience. During long nights sitting out on the weather rail, the *Indulgence* team calculated they had 67 Fastnets between them.

Before leaving Cowes last Saturday, Peter Gilmour (skipper of *Ragamuffin*) had said: "If we're a scoring boat then it's all over", referring to Australia's excellent chance of winning the Admiral's Cup for the first time.

What threw the calculations out was not *Ragamuffin's* storming second place, but the dismasting of the Aussie two-tonner *Great News II*. She was leading the mid-size fleet, homeward-bound 44 miles north-west of Land's End in rough weather, when the mast snapped at deck level.

Twenty minutes' work with bolt-cutters saw the slender – and expensive – spar on its way to the sea bed. Meanwhile, close by in time and distance, an identical mishap befell the Italian two-tonner *Larouge*. She had been lying just behind *Great News II*.

This was a calamity for the Italians. In spite of going into the Fastnet with a two-point series lead over Australia, they had only two boats. *Mandrake*, Italy's 50-footer, had been written-off in a horrendous collision with *Promotion* of the Netherlands during an earlier race.

Since the Admiral's Cup 1993 scores points from only the best two yachts, the elimination of *Larouge* meant that, as in 1991, the well-prepared and talented Italian AC team were once more the bridesmaids, not the bride. Victory in the end fell to the Germans.

In complete darkness the small yacht began a search pattern . . .

Leaving Cowes three days earlier, Harold Cudmore, the Irish team captain, had warned commentators not to dismiss the Germans' chances. "They've heavy seaworthy boats, not very fast, but competently sailed. If everyone else blows up they could come through," he warned. Earlier in the regatta he had sunk his own team's one-tonner, *Jameson I*, by cutting a Solent corner and ramming the rocks at Gurnard Ledge.

Germany's eventual victory over Australia was by the narrowest margin in AC history – a quarter of a point. The key was the storming performance of their smallest boat, *Pinta*. Not only did she come in over two hours ahead of the nearest one-tonner but on corrected time was seventh in the fleet overall, ahead of much bigger boats.

The denouement did not come until the final miles of the Fastnet, creeping eastwards under the Cornish cliff towards Plymouth. To protect Australia's almost certain team win, their one-tonner *Ninja* had to finish not more than six places behind *Pinta*. She missed by one place.

But the most compelling drama of the Fastnet concerned a man-overboard from the Japanese one-tonner *Nippon*. Bowman Kazuhiko Sofuku was swept off the deck at night in rough weather. He had no life jacket but was clutching a torch.

"At first we could see the light," said *Nippon's* British skipper, Andrew Hurst. "But when the torch went out I began to feel sick." In broken water and complete darkness the small yacht began a search pattern. Some of the time they could hear cries from the lost crewman, but could not see him.

One of the biggest problems was the noise from the engine – necessary for an effective search but drowning the shouts of the man overboard. Hurst knew the boat's exact position at the time of the incident from the GPS navigation system, but in such conditions even someone only 200 yards away can be nearly impossible to locate.

"After about 15 minutes we were all becoming very worried and quiet," said Hurst. "We'd been launching parachute flares to illuminate the area and I was beginning to worry if we'd drifted off our search area. The last flare was 6ft from landing in the water when we saw Kazuhiko. He was looking very weak and going under water rather too often."

With the crewman restored to his bunk and being treated for potential hypothermia, one of the most fortunate sailors and yachts to compete in any Fastnet headed back to Plymouth.

Cricket

Weighed down by August

With August comes full yield
Then cricket wears o
mantle overgrown,
And counties in the field
lose gloss
As though they wished the
season flown.

THE FIRST verse of G D Martineau's memorably dreadful poem, *Cricketer's August* (1935), *reminds us* bow hard this month can be in cricket, calling for endurance it does not always find.

Lancashire's talented players, for instance, suffer from *mid-season periods of depression*. Last year, they lost their gloss so early that they did not *win a* single match between mid-May and early August, after which the best they could do *was finish* eighth in the county championship.

This season, Lancashire's mid-season depression *has* been so bad that they provided Gloucestershire with *their* only *championship win this season* – last weekend, at Cheltenham, by nine wickets.

Nor *is it just Lancashire who* are feeling the strain. Before the season began, few people were expecting an August championship table with Middlesex (11th last year) in first place, Glamorgan (14th last year) in second and Essex (last year's champions) reckoning it a revival to have pulled themselves up to ninth.

Mind you, I can claim that I had my douhts about Essex, with batting stars Graham Gooch and Australia'e Mark Waugh dus to be soaked up hy Test duty and bowler Neil Foster tormented by recurrent knee and spine injuries. Although this was Foster's benefit season, he had to retire from first-class cricket after a brave hut troubled series of games, and is missed greatly.

The fiery genius of Pakistan's Salim Malik has not worked the overseas oracle for Essex this year and, as so often, bad luck seems to breed bad cricket. Essex were one of the few counties loath to change from the three-day to the four-day format because, *among other things, it would* lessen the number of matches they could play on outlying grounds *with enterprising* pitches.

It is always sad when coun*ties centralise their cricket* and, this season, Essex have only one championship game each *at Ilford, Colchester and* Southend, half as many as last year. Chelmsford is increas*ingly dominant.*

Habit is a strong force in cricket, and the hard truth is *that Essex are not in the habit* of losing and are not sure how best to react when they do. The other *side* of that, of course, is that Essex are in the habit of persisting. Where Lancashire are inclined to brood, Essex are inclined to fight, and I would not be surprised to see them fight better before the season ends.

It will be hard, however, for anyone to challenge Middlesex's commanding lead, which is based not so much on batting or bowling points – Surrey, in third place, have more of both – but on the fact that they have had nine victories (Surrey have only eix) and, most tellingly, are the only team not to have lost a single game so far this summer.

Mike Gatting led Middlesex to victory in 1990 and is determined to avenge recent championship misfortunes with another triumph this year. *He thinks* his team are capable of winning and is proud that his captaincy is of the "*tough guy*," *rather than* the tactical or fitness-and-exercise, schools.

Gatting is popular with a temperamental Middlesex team which includes two stars as *famous for their tantrums* as their talent: Phil Tufnell and Mark Ramprakash. Tufnell and *John Emburey have* been a profitable partnership of spin for Middlesex this year.

Last season the whole fast bowling force – Ricky Ellcock, Norman Cowans and Angus Fraser – *was injured* and, not to be upstaged, Tufnell started the summer with appendicitis. *So long as Gatting does not* overwork Fraser's damaged hip, he might be able to revive *him – along* with Neil Williams, Mark Feltham and the young Richard Johnson – as *part of a fair-paced howling* attack to work alongside the spinners.

Teresa McLean looks at surprising leaders and laggards in the race for the county championship

As for batting, Desmond Haynes, Mike Roseberry, Gatting himself and Ramprakash are a formidable quartet, although Middlesex are always prone to injury. John Carr has had an unexpectedly good season and has done well in the field, where Ramprakash has also fielded like a harrier picking up prey.

Middlesex'e favourite victim was Surrey, its old enemy from south of the Thames, at Lord's late in June – sweet revenge for last year when Surrey moved from 11th to seventh in the championship, and sent Middlesex from seventh to 11th, in the *last* game of the season. Then, their last wicket pair resisted Tufnell's last two *balls* and hung on a for a draw at the Foster's Oval. Middlesex are an urban crew; the nearest *they can offer to an outlying* county ground is Uxbridge, an outpost of the north London Underground.

Still smarting from that defeat, Surrey are in their cus*tomary position* of not *quite* doing themselves justice; but Northampton, fonrth at the *moment with a game in hand*, are experts in doing just the opposite. The late middle *stretch* of the *season*, when other counties are getting stale, suits Northants.

They are a balanced team and manage to maintain their concentration through bad *patches, aided by Alan Lamb's* calmer captaincy. Northampton did not drop Lamb when *his first years in office were* undistinguished, and his captaincy now does much better *for his* team.

The real surprise is Glamorgan, in second place. Leaving the *good sense* to *Northampton*, the Welsh-based club have been living off high spirits. *They* were *100-1 outsiders* at the end of last year but have won seven of their games this *season, drawing attention to* their home-grown players, such as the Rhondda valley's *paragon of the fast-medium*, Alan Watkin.

Skipper Hugh Morris is a good example of how mnch confidence can help a troubled player. In 1989, the captaincy proved too much and he resigned, his game in tatters. This year, he cannot get enough of it and is not worried by his slightly erratic batting.

Wherever Glamorgan end up, Morris will regard it as a success. Or a refutation of critics. Or a point proved. Or, at the very least, a point of passion – like Glamorgan'e defeat of the visiting Australians e quarter of a century ago, against all odds, at Cardiff. As the great Martineau put it, deep in his second verse:

Spring still is in their blood
And bids them throng to watch
heroic things.

Motoring/**Stuart Marshall**

Saab, solid and spirited

WHEN General Motors rode to Saab's financial rescua, some antbusiasts feared the worst. Future Saabs, they thought, *would be Opels or Vauxhalls in* disguise. They can set their minds at rest.

The new Saab 900 might have been built on a modified GM platform (the modern equivalent of a chassis), and one version has the British-msde V6 engine that powers up-market Vauxhall Cavaliers. But the 900 looks, feels and goes like a proper Saab – because it is. At the moment, there is only one body: a five-door hatchback. And while officially-leaked photographs had made the new 900 look remarkably like *an* old *one* with the corners rounded off, in the metal it has an altogether sleeker, more elegant shape. There are no overtooes of the old 99 from which the original 900 was evolved in 1978, and which could still be seen. Three-door hatchbacks and a convertible will follow in the first half of next year.

Although mainland European sales start later this month, the new 900 will not make its British debut until the London Motor Show, which opens on October 21. Prices will be annouoced shortly before.

Saah says that, in left-hand drive markets, the new 900 will be only 1 or 2 per cent dearer than the old one. The company claims that when equipment levels are taken into consideratioo as well, it *will be* up to 14 per cent cheaper than potential rivals such as the Audi 80, BMW *3-Series and* Mercedes-Benz C-Class. An Inspired guess puts the cheapest two-litre 900 at around £14,750.

Engines are e two-litre, 133 brake horsepower; 2.3-litre, 150 bhp; and a turbo-charged two-litre (available naxt spring) developing 185 bhp. All are multi-valved; the 2.3-litre and *two-litre* turbo *have twin* balance shafts. The 2.5-litre V6, which Saab engineers tailored to meet their requirements, puts out 170 bhp.

A Saab-developed five-speed gearbox is standard, while a four-speed automatic with normal, sports and winter driving modes is an optional extra. The manual-only 900 turbo will be offered with a newly-developed Saah Sensonic eutomatic clutch system. Yon change gear normally but electronic controls operete tba clutch for starting and shifting.

Once you get the knack, it *works well. The price premium* will probably be about half that for a conveotional torque converter type of automatic. Fuel consumption will be at least as good as that of a manual transmission car.

I tried two Sensonic-equipped turbo 900s in Swedeu last week, with a two-pedal V6 in between. *Sensonic* is fussy about which gear you select. Unlike some earlier kinds of semi-automatic (like that of the Wankel-engined NSU Ro80 of 25 years sgo), it cannot be left in, say, third gear while you creep along in a motorwey tailback. It insists yon pick first or second. I liked it well enough as a half-way house hut suspect most business drivers will choose fully-automatic transmission in a non-turbo four-cylinder or e V6 (it will not be available in the turbo).

Putting Sensonic in the 900 *Turbo is really testing the* market. Bnt Saab engineers see more potential in systems like it, *perhaps with gear-shifting* controlled by buttons on tha steering wheel, than in torque cooverter automatics. If a lot of Turbo buyers go for Sensonic, it could eventually be offered on other 900s.

While retaining Saah's traditional sporty feel, the new 900s are, above all, refined and smooth-riding performers. The entry model two-litre and the 2.3-litre version were ultra-quiet on smooth-surfaced roads, and tyre noise was minimal on rough-textured ones.

As always, the extra corner*ing grip of the squatter*, wider tyres of the higher performers has a trade-off; more noise on coarse surfaces and the odd thump caused by potholes.

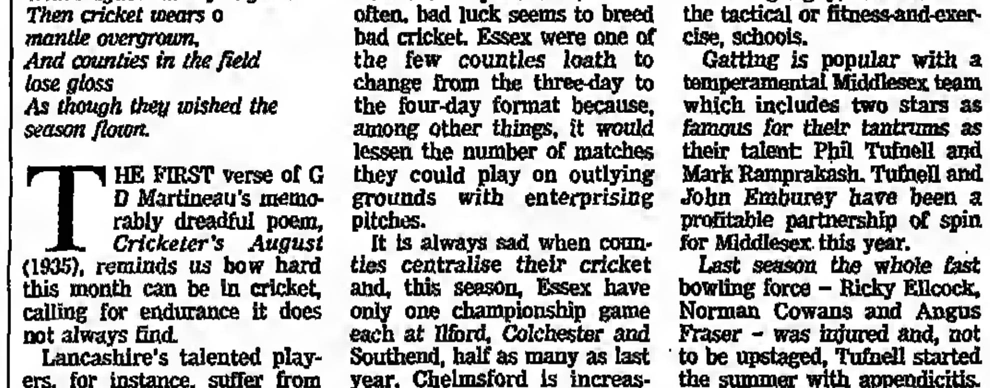
Sweden's draconian speed limits, and a generally adult attitude toward cars, discourage fast driving. So, having tasted rather than tested the new range, my main impression is of rock-solid construction matched by spirited handling and courtly manners on occasionally rain-swept roads.

All 900s have driver-side air bags, ABS brakes and power steering; buyers in this class now expect nothing less. Other features are a "black panel" switch which lets a driver choose a speedometer-only display for night driving, and full lap/diagonal seatbelts for all five occupants. Traditionalists will be pleased to know that the ignition switch is still on the *floor near the gear lever*, which is locked in reverse when the key is withdrawn.

Saab never will be a hig player in the executive car market because, in world terms, it is a small producer, making fewer than 100,000 units a year. In e full year, about 45,000 of these will be 900s, the rest 9000s. Saab expects some substitution from 9000 owners but the higger car *will still take* 45 per cent of its business.

There will not be a 900 estate car and a diesel-engined version is some years off. "We are aware of the surge in diesel sales but we can't do everything at once," said product development director Sig-Gran Larsson. "When we do offer a diesel Saab – and we are looking at various engines – you can be sure it will a Saab first, a diesel second."

BMW followed the same policy of allowing no compromises in refinement and performance when making diesel cars. The result is that 25 per cent of all BMW 5-Series cars are now the smoothest and most vigorous turbo-diesels on the market.



The new 900. Sleeker and more refined, but it drives like the true Saab

هكذا من الأصل

TRAVEL

Bathing in five-coloured hot waters

***Lesley Downer** visits Japan's most fashionable resort, cycles past lava beds and watches a prince and princess play tennis*

EVEN before I arrived, I knew that Prince Akishino and his doe-eyed bride, Princess Kiko, were in Karuizawa. Somehow everyone knew – though quite how word had got round I don't know. I also knew that they were staying not in their usual summer residence but in the Mampei Hotel.

Once I was settled in I hired a bicycle and began to explore the back streets, until I was stopped by a mass of people. Peering over the sea of heads I saw the wire netting of the tennis courts, the red-roofed mock-Tudor changing-rooms, and the familiar figures of the prince and princess, lobbing a ball back and forth.

Karuizawa was the scene for the great Japanese fairytale romance of all time. It happened in 1957. Akishino's father, the then crown prince, Akihito, had had a rather lonely boyhood, being groomed to take over the solitary post of emperor. In those days the imperial family was even further removed from the public than it is now.

Most people had never even seen the emperor's face. If he chanced to pass by, you had to bow to the ground and not look up until he was gone.

After the war, young Akihito was assigned an American tutor, a Quaker called Mrs Vining. In the summer she used to retire to the hill station of Karuizawa, where she had a villa, and Akihito, too, became fond of the place.

It was here in 1957 that he found himself playing tennis opposite Michiko Koda, the beautiful daughter of a wealthy industrialist. When they married, most Japanese saw it as the seal on their new-found democracy; no emperor had ever dreamt of marrying a commoner before.

I went to Karuizawa last August, along, it seemed, with half of Tokyo. Due, no doubt, to its imperial associations, it is now Japan's most fashionable resort. When Tokyo is unbearably hot and steamy, Karuizawa is blissfully cool, and many Tokyoites have second homes there, designer villas hidden away in the larch woods around the town.

The train that day was completely packed. I was sharing the compartment with a group of ladies on their way to a "spiritual seminar" on the teachings of Rabindradth Tagore. We trundled across the plains, laid out with neat paddy fields and little square houses, then climbed steeply up into the rugged landscape around Usui Pass.

Dark wooded crags, which looked as if they had been brushed on to an ink painting, soared around us, mist drifting in the hollows. We plunged into a long tunnel and finally came out into the uplands of Karuizawa.

Karuizawa sits right at the foot of Mount Asama, said to be the highest active volcano in Japan. In summer it is often hidden by clouds, but then the weather clears and you suddenly see it, looming over the town, a plume of smoke floating ominously above it. A little way out of town are lava beds, relics of the last great eruption of 1783, which engulfed several towns and villages and left the area scattered with grotesquely-shaped giant lava boulders.

'Dark wooded crags soared around us, mist drifting in the hollows'

Besides Mt Asama, Karuizawa is noted for its larch woods and for the many artists and writers who go to live there. It is a pleasant, breezy place, with long avenues skirting woods, lakes and hillocks – until, that is, you cycle into the centre of town and suddenly find yourself in a mini-Tokyo; coffee shops, clothes shops, jewellery shops, crowds, restaurants, noise, canned music and traffic jams, bursting out like some dreadful growth right in the middle of these peaceful hills. Cycling is the only sane way to get around.

I gave Karuizawa a couple of days, hiding out, like the prince and princess, in the gracious Mampei Hotel. It opened 99 years ago, in the days when westerners could still afford to come to Japan for an inexpensive holiday, and boasts cherrywood panelling, carved ceilings, stained-glass windows and passable French food.

I did not find any French food in Nagano. It is an hour further up the line from Karuizawa, but more like several decades away from the sophistication and glittering lights of Tokyo.

No one comes here for "spiritual seminars", and I very much doubt that the emperor has a summer villa here. To most Japanese, Nagano means mountains. It is a small city at the heart of mountain country, full of climbers and golfers in the summer and skiers in the winter, *en route* to the spectacular peaks which soar not far away.

Nagano is on the brink of great changes. It is to be the site of the winter Olympics in 1998, and already many building projects are under way. There will be grand new hotels with restaurants, banqueting halls and nightclubs. The citizens want to put Nagano on the map and are looking forward to the coming of "internationalisation", in the form of an influx of western visitors.

For now, though, it remains a city of shadows. I arrived early on a Saturday evening, when most Japanese towns are just coming alive, and discovered that Nagano had already gone to bed. Around the station there were still some lights, with people gathered like moths around a candle. But outside of that charmed area the city had shut down.

A mile-long mall of dark shuttered shops led straight up the hill to a temple gate the size of a small house, where two muscular guardian deities like huge goblins glowered in the blackness. Beyond that was a cobbled street straight out of a Hiroshige print, lined with rickety wooden houses.

Occupying the entire summit of the hill was Zenkoji Temple, vast and dark with lanterns and candles glimmering inside,

vases of flowers and ancient images rubbed smooth from the hands of the faithful. It is one of the area's most famous pilgrimage places, and is already preparing for the expected influx of visitors in 1998. While most temples sell good luck charms from little stalls, at Zenkoji you buy them day or night from a vending machine.

Goshiki-no-yu was darker still. From Nagano I took a local train out to the foot of the hills, then changed to a bus which careered along narrow unlit roads, zigzagging up the mountainside until we came to a single lonely house, halfway up.

The master of the house came out to greet me. Mr Mizuno is 73 and has kept the inn there ever since he got back from the war, nearly 50 years ago, in the days when the only lighting was from oil lamps. He shepherded me to my room, made sure I was well provided with bedding, and instructed me in the intricacies of the bath. The gentlemen guests, he informed me, had already bathed, so I would be able to bath in privacy.

In Japan it would be unthinkable to go on holiday for a few days without taking the waters. The glory of Goshiki-no-yu is that the baths are outdoors, and the water is said to change colour depending on the weather (*go-shiki no yu* means "five-colour hot water").

You leave your dressing-gown in a small changing shed, then, with nothing but a handkerchief-sized towel to preserve modesty, stumble out into the night. Ghostly swirls of steam rose from the pools and streams and there was a nose-wrinkling rotten-egg smell of sulphur.

I dipped my toe into the murky depths to test the temperature, then eased in and sat back with a sigh of bliss in the steaming water. I was all alone in the darkness, with just the stars and moon, scudding clouds, the silhouette of the hillside against the night sky and the lights of the inn flickering behind me.

Inside, a gourmet dinner was awaiting me: tiny river crabs, the size of a 10p piece, deep-fried whole, legs and all; an assortment of leaves fried in tempura batter, and various wild plants. While I ate, Mr Mizuno settled down to tell me his stories.

In the daylight Goshiki-no-yu was less magical. The mystical coloured water turned out to be black – so black that you couldn't see your own body in it. This was no doubt on account of the weather, and I remain convinced that it is truly *go-shiki*; on other days it is undoubtedly green, blue, grey or even purple.

Mr Mizuno had asked me to write a poem to commemorate my visit, an offer which cannot be refused in Japan. After much head-scratching, this is what I came up with:

Life by lamplight
Seventy-three years of memories
Goshiki-no-yu

■ Japan Air Lines (JAL), British Airways, All Nippon Airways (ANA) and Virgin all fly non-stop between London and Tokyo. The standard return Pex fare is a little over £1,000; bucket shop tickets start at about £550 for Aeroflot.

Before you leave, buy a Japan Rail Pass, which allows you to use all the JR trains, including the Shinkansen (Bullet Train). A week's pass costs about £150. There are also two- and three-week passes. Available from JAL or the Japan Travel Bureau (JTB), 14 Maltravers St, London W1, 071-836-9393; not available in Japan.

Getting around: a railway timetable costs £2 from any station kiosk; ask for jikoku-hyo. It can be deciphered with a little effort and will prove invaluable.

Accommodation: as Japan's premier resort, Karuizawa is not cheap. The grandest hotel in town is the Mampei (0267-42-1234; twin rooms from about £125 per night). Those in search of budget accommodation should go one stop up the line to Naka-Karuizawa, where there are some cheaper inns; for details, ask the Japan National Tourist Organisation (see below).

In Nagano, the Ikemon (0262-27-2122), opposite the station, has cosy rooms for about £32 per night. At Goshiki-no-yu there is only one inn: Goshiki-no-yu ryokan (0262-42-2500; about £85 per head, including dinner and breakfast. If pressed, Mr Mizuno's son can speak some English.

Both in Japan and elsewhere, the Japan National Tourist Organisation (JNTO) is an invaluable source of information and supplies excellent (free) city maps. In London: 167 Regent Street, London W1R 7FD (071-734-9638/9). In Japan look for the Tourist Information Centres (TIC), run by the JNTO, at Narita Airport and in Tokyo and Kyoto.

The fall in the pound and other currencies against the yen has hit travellers to Japan severely. As a result, the guide prices quoted above may lack precision.

Cadogan's Place

If it's good, it sells

A SUMMER drought of confidence has inhibited the green shoots of spring. Buyers are there – determined not to pay over the odds – but vendors are still hiding in hopes of a better price if they wait.

That is not so certain. And with little sign that Britain will enjoy political calm in the autumn, house price increases are more likely next year than this.

David Kern, chief economist at the National Westminster Bank, predicts an 8.5 per cent rise by the end of 1994. That depends on a fluid market, which has yet to happen. When it does, we may see a flood of instructions, with the result that buyers will stay in the stronger position and vendors will not obtain the prices they are waiting for.

In the meantime, good properties sell well. Recently, Knight Frank & Rutley offered Tennyson's Grade I-listed Victorian Gothic Aldworth House near Haslemere in Surrey at over £600,000, attracting many visits and more than 10 possible purchasers. The agent decided on informal tendering of "best and final" offers but no bids "subject to survey." Seven bids arrived and contracts were exchanged within hours at more than £1m.

Similarly, in London, the Taylor Woodrow/Mitsui Kansetsu development of apartments, penthouses and town houses at Kensington Green, on the old St Mary Abbots Hospital site, is selling fast. The latest release is the Walnut Court block of flats, with a fine view from the penthouse across Kensington. Inquiries to 071-938 3350.

* * *

FOR TRAIN buffs: the British Rail Property Board (021-654 4426) is offering the Grade II station-master's house at Cromford, in the Derbyshire Dales, for rent at around £375 a month. It is a stone, late-19th century building, with prominent gables and chimneys, that looks as if it should be in Scotland or France. The only access is by the footbridge over the line between Matlock and Derby.

But vendors continue to hold out and buyers remain determined not to pay over the odds

In Devon, the old station at East Anstey, on the edge of Exmoor, is on sale for £110,000 (from Stags: 0398-23 174), as is Brunel's air pumping house at Starcross near Exeter: £65,000 (Fulfords: 0392-52 666). In 1845, the great engineer devised a vacuum pipe system for a railway between Exeter and Plymouth. It did not work and was given up in 1855, but it is now thought worth a Grade I listing.

* * *

IN WILTSHIRE: Savills (0722-320 422) is selling the most handsome of Elizabethan houses. Stockton House, also Grade I, is in the Wylye valley between Salisbury and Warminster, two miles off the A303. John Topp, who made his money from cloth at the same time as the Spencers of Warwickshire and Northamptonshire were making theirs from wool, built the house in the 1580s in smart black and white alternating bands of knapped flint and stone.

Its alterations are sympathetic: a 17th century chapel, an 1802 main stairs by Wyatville, and more rooms and a stable block in the same banded pattern from the late 19th century. Inside are well-lit rooms with elaborate, carved stone chimney pieces (one showing the three men of the Old Testament in the fiery furnace), oak panelling, and superb plaster ceilings and friezes. In the main room upstairs, a riot of plasterwork parades a bestiary with a camel, lion, unicorn and elephant with a large insect on its back – an idealised Elizabethan zoo.

Offers over £1m are invited. It is a pity that the land with the house is only 40 acres, as this denies it an economic base within the local community. But it is a glorious place and would be easy to do over.

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PEPER HAROW is a Grade I house with 43.5 acres on the A3 near Godalming, Surrey, and 35 miles from London. The house is mostly the work of Chambers in the 18th century (plaster ceilings, marble chimney pieces, and a Palladian gate to the walled garden), with additions by Cockerell and Pugin in the 19th.

Restored after a fire in 1989, it was used to house disturbed children until recently but is more likely now to become a conference centre, nursing home, hotel or company headquarters. The price for the whole estate is over £4m, or £2.25m for the main lot. Joint agents are Lane Fox (071-499 4785) and Savills (071-499 8644).

For something cheaper, around £50,000 would secure a two-bedroomed cottage at Tegfan, six miles from Lampeter in mid-Wales. It would suit twitchers, as you can see the rare red kite there. The agent is Morgan & Davies (0570-423 623).

Gerald Cadogan

Long faces on the moor

GROUSE-shooting started two days ago, but there is not the usual joy. Bookings have been slow, sporting agents report, reflecting Lloyd's losses and general anxiety.

A tale of woe? Not necessarily. The English and southern Scottish moors will bounce back in a year as nature corrects itself. In the Highlands, many owners will wait till next month to start regular shoots. An unusual season will thus run into October and may end not so badly after all.

If 1993 is a late year, it will still be expensive as prices for shooting have not fallen. Regardless of the sport, owners have costs, and a large moor needs three or four keepers. Few owners can afford to run their moors for themselves and friends. The usual system now is to let off days of shooting with a contract specifying an agreed number of birds.

The price in the Highlands is £80-£85 a brace (plus VAT) for driven grouse, when beaters drive the birds towards the guns. A typical contract for eight guns will specify 60 brace. In northern England the price may be £60 a brace, for 200 pairs. The resulting bills easily reach £500 a gun a day in Scotland and £1,000 in England. Let shooting may still be available this season. London agents such as Strutt & Parker or Egerton can arrange it, taking a 7.5 per cent commission from the tenant. Or there are small local firms such as Macsport.

The grand alternative to renting by the day or week is to buy a sporting estate. But few are for sale. It is partly a side-effect of conditions in the property market this year. Buyers are willing but vendors have held back. In 1992 prices of the few estates that were sold were at about half their peaks of the late 1980s, Guy Galbraith of Savills' Edinburgh office, reports, working out at around £2,000 a brace of grouse, £15,000-£17,000 per stag, and £8,000 per salmon (based on average catches over the previous five years).

Prices may have improved slightly this year but the market is still stagnant. It need not be. Owners and factors (managers) are gloomy, Galbraith finds, but there is some optimism where it matters – among the keepers.

Clegg Kennedy Drew offers a driven grouse moor with a cottage at Auchenleck Hill in Dumfriesshire for £180,000 (averaging 58.5 brace). If you prefer pheasant shooting, Brodies is selling Drumlamford at Barrhill in Ayrshire, an 1830 house with 771 acres in the main lot as well as holiday cottages, at over £550,000.

Stenton, near Dunkeld, in Perthshire, is a grander house (agent: Knight Frank & Rutley). The price of £1.2m reflects its fishing on the Tay more than its small family shoot.

Outside Scotland, Plas Llechylched has 72 acres on the Isle of Anglesey with shooting rights over a further 811 acres for geese, woodcock, snipe and duck, from Denton Clark and Clegg Kennedy Drew at £450,000.

In Cornwall, Colquite, near Bodmin, has a pheasant shoot (8,235 birds in 1991-92), plus a shooting lodge, two cottages, barn, land and fishing on the River Camel. On offer last September at over £2m, it is now priced at £1.65m (Jackson-Stops).

To shoot near London, the 196-acre Skeete estate at Lyminge in Kent could attract at £550,000 (Egerton). There is over a year to prepare its small, private shoot for continental guests emerging from the Channel Tunnel for the 1994-95 season (but leaving their dogs behind).

■ Further information: Brodies, Edinburgh, tel: 031-228 4111; Clegg Kennedy Drew, 071-409 1944; Denton Clark, Chester, 0244-312771; Egerton, 071-493 0676; Jackson-Stops, Exeter, 0392-214222; Knight Frank & Rutley, Edinburgh, 031-225 7105; Macsport, Kildrummy, 0975-571377; Strutt & Parker, 071-629 7282.

Gerald Cadogan

Overcome by enemy action

*How **Robin Lane Fox's** vegetables succumbed to stealthy invaders*

THE LITTLE man is always supposed to be the loser and, this summer, I see why. After a long absence, vegetables have returned to my garden in a new mood of self-supply. Like all beginnings, it has been a small one: a few bushes of currants, patterns of salad plants and herbs, a few unusual desirables, and some of the good old friends which English kitchens have used for years.

The beginning began two months ago and it ought to be harvested by now. Unfortunately, the enemy have seen a small man coming and beaten me to my output. They have savaged, bitten and generally behaved in ways which defy my university's code of non-harassing conduct. Worse, these harassers are unwanted guests.

At present, I suspect hedgehogs, because they are the most visible presence, moving to and fro from the swimming pool to the lower garden. You might wonder if a hedgehog could ever be so beastly as to eat another person's young spinach. I think I have evidence of their malice: from time to time one of their relations turns up, prickles down, in the swimming pool, and I suspect that it is one of their less popular kin which they have pushed into the chlorine.

I am pretty sure the squirrels have been involved somehow, possibly because they have intercepted the latest sound waves from the kitchen. I have re-discovered a promising recipe for squirrel baked in cider. It sounds wonderfully cheap, and they are *not* going to escape by this pre-emptive strike against my winter greenery. Into the pastry, you can prop a bushy squirrel tail for decoration, like Squirrel Nutkin's rear view on his raft across to the island.

Lentil-eating urban visitors believe that foxes are behind the trouble, financed by well-wishers from a non-hunting co-operative. Recently, something has started to go to ground beside my retired timber-framed Morris, but the only sighting by daylight in the area has been a friendly badger.

Naturally, pigeons are in the vanguard because they can be seen, practising spot landing in the purple sprouting. One of the garden's functions is to serve as a safe haven for refugees under gunfire from the nearby estates. Pheasants may have roughed up the courgettes but I have yet to see French partridges among the haricots verts.

The possible enemies are, simply, too many to control. The Guides to Green Gardening know best, as always, and one of them has told me to solve the problem by putting out saucers of milk at nightfall because the visitors will surely prefer milk to mixed greens. Actually, they prefer cabbage *au lait*.

I suppose I could start shooting, and I would like to know if the back legs of a grey squirrel can be punctured by pellets from an air gun. Meanwhile, I have a protest and a helpful observation.

The protest is a small man's lament. Why do birds eat gardener's fruits, slugs eat their young cauliflowers and rabbits polish off the transplants whereas you can see whole fields of raspberries all over Kent with no nets in sight, covered in fruit and open for picking your own? Slugs never bother big fields of kale and you never see small holes in those gleaming fields of cabbage on the dark earth round Biggleswade.

Faced with abundance, animal pests behave like humans and go for smallness, not because small is beautiful but because they must be absolute swine at heart. They are much less of a bother in big kitchen gardens.

One reason might be that they, too, are brought up on the story of Peter Rabbit and are scared of Mr MacGregor's cat: my view, simply, is that pests pick on the small man because they feel at ease with the scale.

There could, however, be a way out which, in turn, might be exacerbating the problem. When last I grew vegetables, early in the 1970s, people were

telling us to store turnips against the imminent takeover by the Trades Union Congress; brassicas were thought to be a safer investment than Glaxo in the gloom of the three-day week; and financial advisers were even more vegetable than usual.

Since the 1970s, the vegetable portfolio has changed. In the 1990s, everyone wants basil, not beetroot; pak choi, not parsnips; and Raymond Blanc now spells rocket with a q. Supermarkets will sell almost anything exotic at any time of year, but few of them stock asparagus peas. And if you want your own roquette, you have to look in the Vegetable Finder and send away for seed.

Taste and defence, I now *notice, are coinciding. Birds* eat the small man's cherries and slugs spoil his spring cabbage but, so far, the sorrel for his designer soup is more or less safe. I have concluded that animal harassers do not like designer vegetables: whoever saw a rabbit eating okra in the wild?

On a kinder view, human fashion could explain my predicament. Frustrated by all that basil in the suburbs, the *vissiting harassers can hardly* have been expected to behave themselves when a small man returned to production, growing old-fashioned lettuces in country lines. After all that Lollo Rosso in north Oxford, can I really blame them if they go straight for a good old English salad and beat me to the first of my Little Gem?

Eyes have it

FEW PUBLIC gardens can boast that the pleasure of a visit begins in the car park. But look in any direction from the hilltop field when you arrive at Mount Ephraim gardens near Faversham, in Kent. You will find none of the disfigurements of the late 20th century: just woods, orchards *and parkland*.

Owned by the Dawes family, which has lived there for 300 years, the gardens owe their layout to enlargements early this century. Begin by walking down the daisy-strewn slope beside the rock garden. Once overgrown by nettles and brambles, the area now has flowering shrubs, dwarf conifers, alpines and bulbs. A great bank of purple sage and a stone Japanese lantern shades the first of a series of small pools descending towards a small lake.

At the bottom of the water garden is the Japanese Bridge – a photographer's dream.

Beyond is a pleasant woodland area of mature trees underplanted with rhododendrons and azaleas. You emerge into meadows rising towards the house. A series of formal terraces and a tennis court evoke theatrical incarnations of the English country manor.

Mount Ephraim offers no permanent attractions for children, apart from acres of space to run around in. Nor are there any bijou shops stocked with pot pourri, although you can buy the local wine and there is a small craft centre in the stable block.

Specialists may find the gardens rather short on botanical labelling, but you would be hard pressed to find anywhere with such a welcoming and tranquil atmosphere barely 50 miles from London.

■ *Mount Ephraim Gardens, Hernhill, near Faversham, Kent. Open daily until end-September 11am to 6pm.*

Marilyn Bentley

Correction

Letts' Guide to Garden Design: In Bridget Bloom's June 5 review of four books in the series of *Letts' Guide to Garden Design*, she castigated the publishers for failing to identify photographs of gardens singled out for praise. The publishers have asked us to say that the photographs in the books are identified in the acknowledgements section at the beginning of each book, and we apologise for this oversight.

BOOKS

Adult comics grow up

Now that Doris Lessing has turned to the graphic novel, will publishers and the public take them seriously? asks Martin Mulligan

SUPERMAN is dead, Batman has taken early retirement, and I'm beginning to feel a little dizzy myself. Readers everywhere who regard their literary taste as fully formed are experiencing anxiety attacks with the advent of the graphic novel.

Opinions of the newly established genre vary widely. Aficionados and promoters hail graphic novels as a highly expressive and versatile medium midway between the video and the printed page, with images and words dovetailing to mutual advantage. Detractors deride them as expensive adult comics for those of limited attention span and questionable taste.

Literary snobs have long been at best bemused, and at worst contemptuous, of intelligent grown-ups who confess an interest in so-called comics, however disguised. But now that video animations of Shakespeare are sold alongside Hollywood celluloid blockbusters, the barriers between high art and popular entertainment are blurring.

When a writer of Doris Lessing's stature turns to the graphic novel, an overhaul of preconceived ideas about the relative merits of different media is clearly in order.

"I have always hated putting things in boxes – conventional novels good, graphic novels or science fiction bad, for example," says Ms Lessing, whose first venture into the genre of "sequential art", *Playing The Game*, is to be published by HarperCollins. An iconoclast by temperament, she helped bring respectability to science fiction with her five *haute SF* works in the *Shikasta* series, written between 1979 and 1983.

She hopes that her latest work will have a similarly positive effect. Not only has she set out to explode the perception that graphic novels form a sub-class of literature unworthy of serious attention, but she also has a hidden philanthropic agenda. She wants to open the door of the empowering kingdom of books to the dispossessed.

"It sounds sentimental, I know, but I am haunted by the vision of all those kids out there who are disqualified from the whole of culture, who perceive it as 'not for us'. It troubles me that they are unnecessarily excluded by those who don't even know they are doing it," she says.

An Australian artist friend whose background mirrors the audience she aims to reach was the inspiration for her own exploration of the graphic novel: "He came from a working class home which had no books in it, but he did read comics. One day he dropped into a picture gallery and decided there and then to become a graphic artist. It seems a very casual link but his example has stayed with me."

The genre has evolved far beyond the early "Zap, Pow" imagery associated with superhero titles. The superhero has in fact been largely superseded. Today's graphic novels are of a different order entirely.

Ms Lessing explains: "I have deliberately used verse, and a more elaborate and interesting language, to try to broaden the range of the genre in terms of the words." Her characters, too, are deliberately designed to shatter stereotypes: one is an eyecatching mix of black girl with ginger hair and blue eyes.

The only limitations, she argues, are the imaginations of creators – of the writers and artists themselves. "There is nothing to stop the graphic novel taking off now in all kinds of unexpected directions."

Anecdotal evidence suggests that demand for graphic novels is also taking off in unusual directions: booksellers have complained that copies are being stolen in quantity and Southend-on-Sea Central Library is progressive enough to boast a graphic novels lending section.

Can graphic novels buck the recessionary trend within book publishing internationally? Gone are the days when a publisher had only to sell 4,000 copies of a paperback original in order to break even. A typical print run for the more lavishly produced graphic novel is 15,000 copies. And high quality printing is all-important, as Malcolm Edwards, HarperCollins publishing director, ruefully observes: "If you're asking someone to pay £7 or more for a comic, you'd better produce it well".

Gone too are the days when the most competitive production quote invariably came from the Far East. Although Hong Kong continues to offer keen prices, graphic novels are now frequently typeset and printed in Spain, Scandinavia and Scotland.

Encouraged by worldwide sales of the graphic version of *The Hobbit* and by the intuitions of their US partner Eclipse, a specialist comics publisher, HarperCollins is gambling heavily by making the necessary investment. Its programme is to bring out two dozen by December 1994, for publication on both sides of the Atlantic, with big print runs and consequent cost savings.

Titan Books, the publishing arm of the Forbidden Planet specialist bookshops, was created expressly to capitalise on a prospective demand for graphic novels. Its commercial judgment vindicated, Titan has now broken into mainstream bookshops, notably W.H. Smith. Smith's carried *The Death of Superman* – in which the progenitor of all superheroes dies protecting Metropolis from the villain Doomsday – in large quantities for the pre-Christmas sale. While it is clear that worldwide sales of graphic novels do not yet represent a significant fraction of sales compared to mainstream publishing, they do have all the signs of an emerging force.

Whatever happens, superhero art will never be the same again. Frank Miller, an American pioneer in the field, deserves mention for his almost singlehanded achievement of steering the remaining superhero comics away from the simplistic moral polarities of the 1940s and 1950s, when Captain America grappled with the Nazi Red Skull and Green Lantern mopped up gangsters in the big US cities, into the muddied moral universe of today. Between the early Batman and Superman plot-lines and Miller's ageing maladjusted crimefighter in *Batman: The Dark Knight Returns*, published by Titan, there yawns an uncrossable gulf. Comic art has now, for better or worse, come of age.

The brief history of graphic novels publishing has already had several high points. In the UK, first among titles striving to extend the repertoire of the more socially-aware graphic novel stands *The Minotaur's Tale*, written and illustrated by Al Davison, published by Gollancz. According to its editor, Faith Brooker, it is "about a disabled man's struggle to survive in the community as it is now." The plotline cannot really support the numerous visual allusions to Greek mythology, Joyce and Robert Graves, but such overambition is an acceptable fault.

The Yattering and Jack, published by HarperCollins and written by Clive Barker with John Bolton and Hector Gomez as illustrators, concerns a character (with a striking visual resemblance to Philip Larkin) whom a minor demon is ordered to drive insane. It is funny, scary, and contains some thought-provoking theology.

If Neil Gaiman's and Dave McKean's *Signal To Noise*, published by Gollancz, about a terminally ill film director working furiously to complete a script which he will never see screened, is not a work of high art, I am a samovar.

KlingKlangKlatch, written by Ian McDonald, illustrated by David Lyttleton, also on the Gollancz list, is a sharply observed *série noir* thriller whose chief protagonist is a streetwise teddy bear police inspector trying to stop a serial killer on the loose in Panda Town.

Yes, it sounds ridiculous, but who would have predicted that the adventures of a colony of rabbits or of a community of moles would have attracted a cult following and topped the adult fiction bestseller lists, as Richard Adams' *Watership Down* and William Horwood's *Duncton Wood* have done?

Is this the end of civilisation as we know it, or are we privileged instead to be witnessing the birth pangs of a genuinely new medium? Picture it: a virulent, powerfully addictive art form filters through language barriers to colonise imaginations worldwide, covertly influencing readers for good or ill. It sounds like a promising opening for the plot of a graphic novel.

Poetic hoax of the century

Kit McMahon enjoys the surreal tale of bogus poetry by true poets

ONE SATURDAY afternoon in Melbourne in 1943 two clever young men invented the works of a poet they called Ern Malley. They also invented his life and character – a lower middle class insurance clerk whose only education had been in public libraries, who had apparently had an unhappy love affair, and who had died unknown and alone of Graves' disease at 25. Then they wrote a carefully semi-literate letter from his sister Ethel, enclosing some of the poems she had found among his belongings, to Max Harris, surrealist poet and editor of a determinedly avant-garde magazine called *Angry Penguins*.

Harris was bowled over. So were his colleagues, John Reed, a rich patron, and a young painter called Sidney Nolan. Together they produced a special edition of *Angry Penguins* to commemorate Ern Malley. The entire oeuvre of 16 poems was introduced by Harris in very excited terms: "a poet of tremendous power, working through a disciplined and restrained kind of statement into the deepest wells of human experience." For the cover, Nolan produced a very colourful painting to illustrate Malley's lines: "I said to my love (who is living)/ Dear we shall never be that verb/ Perched on the sole Arabian Tree./(Here the peacock blinks the eyes of his multi-pennate tail)."

The hoax was fairly quickly exposed, not through critical jndgment, but through a leak by a journalist friend of the perpetratore. There was the most tremendous stir. Harris was vilified with orgiastic glee by a press whose philistinism could show a clean pair of heels to today's Sun.

Then, not satisfied with this demonstration that, as they had always thought, poetry was bogus, the South Australian authorities prosecuted Harris for the alleged indecency of his non-existent poet. In a surreal court case, Detective Vogelesang (later awarded a medal for his successful prosecntion) said at one point, "I don't know what 'incestuous' means but I think there is a suggestion of indecency about it."

All good clean fun. But is it worth a book 50 years later? The answer is certainly Yes. Robert Hughes, who introduces the book, claims the affair to have been "without question, the literary hoax of the 20th century"; and Michael Heyward's excellent account makes clear why.

THE ERN MALLEY AFFAIR
by Michael Heyward
Faber £15.99, 284 pages

First, it was an act of passionate and devastatingly successful literary criticism. Its authors, James McAuley and Harold Stewart, were to emerge as distinguished poets in their own right. At the time of the hoax they were unknown but possessed pseudo-detectors as sensitive as their near contemporaries across the globe – whom they must have resembled in many ways – Amis and Larkin. They abominated the surrealist movement represented by Dylan Thomas and George Barker in England and energetically followed by Harris, which they saw as inflated, undisciplined rubbish. The Malley affair stopped the movement dead in its tracks. It became impossible to write even remotely like this in Australia for 20 years.

But what is really interesting in the affair is the poems themselves. Hayward prints all of them and they can be clearly seen as far from simple pastiche or parody or aven, indeed, as completely meaningless. They are quirky, witty and evocative, daring aven the reader who knows all abont their creation to dismiss them entirely. They have attracted quite a cult following and have been reprinted a number of times, most recently in 1991 in a Penguin anthology of modern Australian verse.

Harris'a supporters, beginning with Herbert Read, who bravely said that he too would have been taken in, have maintained that the hoaxers builded better than they knew; that being genuine poets and allowing themselves to free-associate they justified the tenets of surrealism by producing true poetry. There may be something in this, though it is pretty clear that the authors were in full conscious control of their material.

Whatever one's views on the merits of the poetry, the affair is undoubtedly fascinating. Perhaps it forms a test case for structuralists and others who regard authorship as irrelevant in evaluating a text. Or perhaps it simply justifies George Melly's view that true surrealists always attract surreal events.

When powerful codes of conduct ruled

Robert Blake discusses a treatise on Victorian etiquette

THIS IS a highly learned and acutely perceptive book about a little-studied aspect of Victorian history – the esoteric yet powerful codes of conduct that ruled society in the 1850s and 1860s. As the century wore on these came to be relaxed. "Personality for the mid-Victorians functioned on the public stage, lit by moral certainties and prompted by etiquette books. As the scientific 1870s began to explore the mind's workings... the relation of the public acting to the private thinking self began to alter."

The world of Oscar Wilde was very different from that of Martin Tupper or Samuel Smiles, whose relentless moral preaching was supplanted by that combination of romance, candour and cynicism associated with the *fin de siècle*. This was itself a reaction against another blow to mid-Victorian certainties – Darwinism, with its implications for faith and religion. The Decadents and the Scientists did not agree with each other but neither group had any use for the intellectual culture of the days of the Great Exhibition.

This is a subtle and somewhat discursive book which needs to be read with care and with some previous knowledge of 19th century history – American as well as British, for one of the author's six chapters is devoted to "American Manners and Transatlantic Attitudes". It is one of the most interesting sections of a fascinating book.

In discussing the *Ladies Pocket Book of Etiquette* (1838), published in Liverpool and convenient for the boat to New York, St. George defines the difference between manners and the subject of that book. Manners is "the way we relate to everyone else and etiquette the way an individual relates to others in the same class or narrow 'society'". In a recent interview on Radio 4 with an abrasive Australian woman, St. George made the point that good manners are a matter of pntting yourself in the place of the people yon are meeting and behaving accordingly with civility, courtesy and tolerance.

It is for example cnstomary in American etiqnette (i.e.arbitrary usage) first to cut up the meat on your plate and then to eat it with fork only, or in China to pnt your guest of honour on your left, not right. But good manners in any society forbids noisy interruption of other people's conversation, or barrack room expletives in mixed company, or symptoms of boredom with your neighbour. As Lord Chesterfield observed in his famons *Letters*, "Be therefore, I beg of yon, oot ooly really, hut seemingly and manifestly attentive to wboever speaks to you". Chesterfield long pre-dated the Victorians bnt their books on manners were largely based on his, with the addition, as St. George puts it, of "popular morals and stringent religious conformism appealing to a system which lay outside that of class or social relations".

THE DESCENT OF MANNERS: ETIQUETTE, RULES AND THE VICTORIANS
by Andrew St George
Chatto & Windus £20, 330 pages

In this book be uses "manners" in an even wider sense, more like the OED definition as "conditions of society". He takes as his text John Stuart Mill's observation: "The Englisb, more than any other people, not only act hot feel according to rule." The successive gurus of this attitude were Tupper first and then Smiles. Tupper's *Proverbial Wisdom* is written in a cringe-making prose/poetry. Shelley maintained that poets were "the unacknowledged legislators of the world" (though one can donht wbether any Bill drafted by bim would bave got very far with the Clerks of Parliament). Tupper really did for a time lay down the moral law for the British middle class. He was not as silly as his critics later made ont. A man wbo defeated Gladstone for the Theology Prize at Christ Church, Oxford, could not have been a fool.

But fashions cbange. The evangelical simplicities wblch conditioned his ontlook faded away and a spiteful sonnet on him referred in its last line to his works as "A monstrous pile of quintesseotial ROT!" Smiles never became a comparable figure of fun. He wisely stuck to prose. His bestselliog *Self-Help* used biograpbical examples rather than flowery admonitions to make bis point. He continued to be widely read well into the 1880s.

Andrew St. George has written a book which will be obligatory reading for students of Victorian history. He covers a wide range of subjects – furniture; tbe 1851 Exhibition; the Contagious Diseases Acts; financial successes and frands; tbe effect of Darwin and Huxley on thonght and religion; the details about calling and leaving cards; clotbes, clnbs and courtship. I was left with one question mark. If Mill was right about the English being unusual in feeling as well as acting according to rule, why did they differ from other European countries? Perhaps in some later work the author will give us an answer.

Middle East strife

SLEEPING ON A WIRE
by David Grossman
Jonathan Cape £17.99, 326 pages

LEBANON, FIRE AND EMBERS
by Dilip Hiro
Weidenfeld & Nicolson £25, 274 pages

IN 1987 David Grossman's book *The Yellow Wind*, based on conversations with Palestinians in the occupied territories, was published to considerable acclaim. It gave Israelis some thought-provoking and painful reading. *Sleeping on a Wire*, using a similar technique of interviews, will surely do so even more, for it deals with a problem far closer to the bone – a problem, moreover, which too many Israelis hava contrived to ignore for too long: their relations with their own Palestinian Arab minority.

After Israel's war of independence in 1948, about 160,000 Palestinian Arabs remained within the borders of the Jewish state. Today they number close to a million. More than 40 years of living as citizens of a state they never felt was truly theirs has given them an unhappy identity, which became increasingly ambiguous since 1967 when they came into direct contact with their Palestinian brethren in the West Bank and Gaza. For the latter the on-going revolt – the Intifada – has been a desperate act of defiance. For the former it has given rise to self-questioning and revived memories.

Arabic is an official language in Israel, yet few Jews speak it and few if any national institutes will correspond in Arabic. The Office for Arab Affairs has been for years an unprestigious department within the Prime Minister'a Office. Compared with other Arab societies in the Middle East, Israeli Arabs have fared well in terms of health, education and standard of living – all of which has deepened their resentment at the discrimination tbey have been aubjected to in Israel, a discrimination which has been as harsb as any that Jaws have endured in Arab countries in modern times.

When the Intifada erupted in 1987 new challenges shook the Israeli Palestinians, forcing them to re-examine their aspirations, their attitudes, their destiny. These crucial dilammae are at the core of Mr Grossman'e excellent and searching study.

If, as he seems to believe, many Israeli Jews now accept that the eventual creation of a Palestinian etate is on the cards, Israeli Palestinians have no doubts about it. But what will their part in it be?

Given the choice, the vast majority of Israeli Palestinians would not want to leave Israel for a newly-founded Palestinian state. The difficulty lies not in idantifying with Israel as their country but in a complex constitutional peculiarity of Israel: its insistence on defining ltself as a Jewisb State, thereby diminishing the status of its non-Jewisb population. It is over this prohlem that even the most moderate, peace-loving Arabs and Jews fail to reach agreement.

Perhaps the historic memory of the two nations – of the Jews in particular – prevents a compromise on this issue. So what is to be done? Two possibilities are explored here: autonomy for the Israeli Palestinians in their own canton (ironically, the idea was first mooted by Ze'ev Jabotinsky, tbe spiritual leader of the right-wing Likud), which is unacceptable to the Jews; or the "transfer" of the Israeli Palestinians to the new Palestinian state, which is what Palestinians fear might come to pass if the extreme right in Israel ever gains ascendancy.

Mr Grossman offers no solutions of his own. Probably there are none for the time being. But at least it seems that at many levels of Israeli society thare is now the readiness to discuss, even to understand.

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Before it was torn apart hy 15 years of civil war, Lehanon presented to the outside world an image of peaceful oriental elegance; it was the Switzerland of the Middle East. The image concealed a precarious reality which bnbbled like lava in a volcano.

Hiro, a perceptive Middle East writer, offers an assured guidance through the intricacies of Lebanon's ethnic and political currents. It is a solid, well-documented, comprehensive and comprehensible account.

Elon Salmon

Tricky topic to tackle

ENGLISH literature durlng tha second world war and its aftermath is a fascinating topic but a tricky one because there are still a lot of people around who lived through the period.

Previous books on literature in the OPUS series have taken a safer line. J.A. Burrows's subject, for example, was *Medieval Writers and their Work, 1100-1500* and the Regius Professor of English at Cambridge wrote on *Romantics, Rebels and Reactionaries 1760-1830*. You have got to be either very brave or very insensitive to tackle your own period in your own country.

Emeritus Professor Beroard Bergonzi's book is the sort of chatty eccount whicb the late G.S. Fraser used to write. In fact, Bergonzi makes more of Fraser than of many better writers – even to citing, with apparent approval, his potty judgment on Dylan Thomas that be was "below Tbomas Gray but perhaps on a level with William Collins". Another favourite of Bergonzi's, Donald Davie, is quoted as "deploring tbe anachronism of Dylan Thomas playing in 1940 the Rimbaud game" – as good an example of a molehill criticising a mountain as one could wisb to find.

What Bergonzi misses, because – as he admits in his Preface – be was "a schoolboy during the war years", is the excitement of those days when you came home on leave and bad tbe besdy experience of seeing Stepben Spender in his fireman's uniform, of bearing W.S. Graham reading his mesmerising poems from *Cage without Grievance*, and of threading your way through the falling bombs to the Streatham Locarno clutching a copy of *Modern Reading*.

Bergonzi relies too heavily on recent accounts hy sucb American academics as Paul Fussell, whose duhious theories hear no relation to the facts. Where are Fred Marnau and Wrey Gardiner; where is Howard Sergeant, manfully producing *Outposts* year after year; wbere is the infamous Caton of the Fortune Press whose caricature appears in so many of Kingsley Amis's early novels? Where are the anthologies of poetry from Oxford and Cambridge in wartime, of *Poems from the Forces*?

WARTIME AND AFTERMATH: ENGLISH LITERATURE AND ITS BACKGROUND
by Bernard Bergonzi
Oxford £30, 230 pages

While we are on the poets, Bergonzi makes no mention of some of the older figures who were still going strong in the 1940s and '50s: Walter de la Mare, Edmund Blunden, Basil Bunting, Roy Campbell, Vernon Wetkins. There are some even odder omissions – Gavin Ewart, for example, Kenneth Allott, Norman McCaig, Alex Comfort, Denise Levertov, Paul Dehn, Jon Silkin, Dannie Abse, Norman Nicbolson, Vernon Scannell, James Kirkup, Christopher Logue, Laurie Lee, W.R. Rodgers. Christopher Fry receives soma space hut there is not even a whisper of Ronald Duncan. There is also the automatic assumption – made hy so many British academics – that T.S. Eliot is an English writer, despite the fact that be was born hy the banks of the Mississippi, returned to his New England roots, read the Upanisbads like Emerson and preferred the "lucidity" of Dante to the "opacity" of Shakespeare.

However, the reader who has followed the story so far will be relleved to hear that the book gets better as it goes on. This is partly because Bergonzi gives us less potted history and more literary discussion (like the excellent comparison between Hugh McDiarmid and David Jones) and partly because be concentrates on the novel. Even here his judgment leaves something to be desired: Wyndham Lewis and Anthony Powell are overrated, for example. The coverage of Waugh, Durrell, Burgess, Wilson, Amis, Wain, etc. is adequate but not inspiring. Bergonzi's opinions arouse contention ratber than approval, so that I cannot see this book going down well with the Britisb public. As an outline it might be helpful to, say, a Japanese reader, but Bergonzi is holding up a mirror to an extraordinarily turbulent time without synthesising what he sees.

Geoffrey Moore

RECORDS

A choice of Elijahs

***Ronald Crichton** reviews some hefty choral works*

IN DAYS gone by Mendelssohn's oratorio *Elijah* was regarded in musical circles more or less as part of the British Empire. It was indeed written for the Birmingham Festival and first given there, in 1846. But Mendelssohn set the German words, as *Elias*, before taking immense trouble to fit his vocal lines to an English text (like the German, based on the Bible). Now, back once more in the repertory, *Elijah* has become international. Two new recordings, made as far apart as Metz and Tel Aviv, both use the German words. For Teldec (9031 73131-2, 2 CDs.) Kurt Masur conducts the MDR (Middle German Radio) Choir from Leipzig and the Israel Philharmonic. For Harmonia Mundi France (HMC 901463-64, 2 CDs) Philippe Herreweghe conducts the Chapelle Royale and Collegium Vocale with the Orchestra des Champs-Elysées.

Both readings stress the drama in *Elijah*: I prefer Herreweghe because he presents the vivid episodes (the widow, the boy scanning the sky for signs of rain, the whirlwind) even more sharply than Masur. He is more successful in disguising the musical decline during the last third or so of the work. Mendelssohn had much difficulty at this stage with his librettist, Pastor Schuhring. The Pastor was all for moral uplift; the composer wanted more drama. And Mendelssohn was a tired man, sadly overworked. He died one year after the first performance.

The Elijahs are both outstanding young singers: Peter Salomaa (Harmonia Mundi) and Alexander Miles (Teldec). Salomaa sounds almost too young, less a Prophet than a promising young priest highly thought of by his Bishop. Miles suggests more experience and authority. All Herreweghe's soloists are remarkable: Soile Isokoski a radiant soprano, Monica Croop (whom I admired recently as the Composer in Strauss's *Ariadne* at the Opéra-Comique in Paris) a strong alto, John Mark Ainsley a characterful, unsentimental tenor. Masur's Helen Donath and Jard van Nes are correct, rather dull, his tenor Donald George a little too sweet.

Herreweghe has the better recording chamber – the Arsenal at Metz, a new concert hall by Ricardo Bofill. In the Frederic R. Mann Auditorium in Tel Aviv Masur's chorus and orchestra too often melt into a thick paste, obscuring one of the admirable qualities of this score, the orchestral tone-painting – to give one example, the gentle, *Hebrides*-style swirls and eddies behind the voices in "Blessed are the men who fear Him", hardly perceptible here. Lucky owners of the old HMV/Angel LPs with the New Philharmonia under Frühbeck de Burgos, should hold on to them. Quite apart from the impressive soloists led by Fischer-Dieskau, resplendent as the Prophet, the balance is finer, providing as it were an extra dimension.

Peter Cornelius, composer of the comic opera *Der Barbier von Bagdad*, was even more versatile and civilised than Mendelssohn – nephew of the painter of the same name, actor, writer, poet. In Weimar and Vienna he came into the orbits of Liszt, Berlioz and Wagner, but, in Ernest Newman's words, never lost "his modest independence of manner". That he had something of his own to keep is proved by the *Stabat Mater* recorded for Harmonia Mundi France (HMA 1905206) by the Choir and Orchestra of Cannes-Provence-Alpes-Côtes d'Azur under Michel Piquemal. The stylish performance should give a sharp jolt to any British listener too complacent to believe that such a standard can be found in a region so little associated with such music.

According to Grove the date of the *Stabat Mater* is 1849, before Cornelius went to Weimar. This may explain the absence of obvious influences but not the assurance and quiet distinction of the work. Of the four soloists the soprano has the most to do and Danielle Borst does it well. The companion piece, *Requiem*, is not the Mass for the Dead but a setting for unaccompanied chorus of a mourning poem by Hebbel, one of Cornelius's eminent literary friends.

Two hefty choral works of the present century which one reads about but very seldom hears are the Psalm 47 (O clap your hands) of Florent Schmitt and the Psalm 80 (Give ear, O Shepherd of Israel) of Roussel. A reissue on CD (French EMI, CDM 7 64368 2) of recordings made in Paris in the early 1970s provides a welcoma chance of getting to know them. Schmitt's Psalm 47 is a late-Romantic score stuffed with barbaric colour and pulsating rhythm. Meanly one wonders if repeated hearings may not reveal pinchbeck behind the sumptuous glitter, but it is a wickedly enjoyable sonic experience, hurled at one with total conviction by conductor Jean Martinon (an expert in this repertory) and the Choirs and National Orchestra of French Radio. Fanfare piles on fanfare, the soprano soloist Andréa Guiot threads her way through the tapestry, there is still room for the organ (Gaston Litaize) to top it all. The recording is surprisingly successful in accommodating so much sound.

Nothing pinchbeck about the Roussel Psalm 80 (1929) which Frederick Goldbeck called "as grand a sacred score as was ever composed by an agnostic". Roussel insisted on setting the English text from the Authorised Version. He stressed some of it wrongly, but since the French translation is used here that hardly matters. Roussel has as much rhythmic vigour as Schmitt but his colours are bracing rather than sensuous. The final section is particularly striking, with the chorus softly pleading to the Lord "cause thy face to shine; and we shall be saved" over dying pizzicatos. Serge Baudo, a reliable conductor but less fiery than Martinon, directs the Stephana Caillat Choir (very good) and the Orchestre de Paris. John Mitchinson is the tenor soloist. A nice change from normal oratorio diet.

Philippe Harreweghe, who conducts the Harmonia Mundi version of Mendelssohn's great oratorio

WHAT WITH our weather and weird licensing laws, you would not think that Britain could grow too many jazz musicians suitable for export. But we continue to produce new talent and just about sustain the old hands. Pianist Julian Joseph is part of the new crop and with the release of his second album, *Reality* (East West 4509-93024), he maintains the momentum started by last year's surging *The Language of Truth*.

Second albums are always hard to pitch, especially if the first has been a critical success, and Joseph has responded here by lowering the temperature and replacing the soul vocals of Sharon Musgrave with his own crooning on two tracks. The first ploy works, the right hand shimmering while strong left-hand chords control the dynamic of Joseph's well wrought compositions darkly. The mid-Atlantic crooning is a mistake, however. Its flatness deflates the late night atmosphere created by saxophonists Jean Toussaint and altoist Pete King and the half-baked lyrics are hard to swallow. As a cursed second album, it is a qualified success.

Guitarist Jim Mullen, who has cult followings from Havana to Putney, is one of the old hands we only just sustain. The Claswegian, who has played in more pubs than Eric Bristow, was most often found seated beside tenorist Dick Morrissey spinning off lithe, dancing solos. But *Soundbites* (EFZ 1003), an unexpected pleasure, shows Mullen moving away from the British *jazz* funk sound the pair pioneered to original bop compositions. Tenorist Dave O'Higgins, another fine player who has difficulty staying in the limelight, intersperses Mullen's taut lines with grainy choruses which combine to produce a thoroughly English and restrained form of post bop.

Mullen turns up again with his old sparring partner Morrissey on a Willesden produced paean to 1960s soul jazz and the Hammond organ. Mike Carr's *Good Times & the Blues* (Cargogold CGCD 191) is swingingly greasy as Blue Note's finest. The tough talking compositions all belong to Carr and he drives both trio and quartet with the bass pedals of a fast moving but agile C3 juggernaut.

What makes British jazz fundamentally different, arguably, is the direct link to Africa via the blues which defines American contemporary music. Nowhere is that living connection better demonstrated than in the music of pianist Randy Weston. *Volcano Blues* (Verve 519269) reunites the North African explorer with arranger Melba Liston for 13 sides of bright swaying big band charts, spiced with African colour, the whole stewed in the blues. To hear Hamiett Bluiett (baritone sax), Teddy Edwards (tenor) and Miles' heir Wallace Roney jostling with Obo Addy (percussion), Jamil Nasser (bass) and Talib Kibwe (alto sax) is a natural delight.

If Weston shows us where American jazz music comes from, the woofer testing, heavy kicking tunes of electric bassist Marcus Miller shows where some of it is going. *The Sun Don't Lie* (Dreyfus FDM365 602) features Wayne Shorter (tenor sax), David Sanborn (alto sax) and even the late Miles Davis among many others in a bewilderingly high powered, jazz funk tour de force. Miller – producer, composer and virtuoso bassist – has a knack for matching commerciality with credible licks and this latest outing should find favour with the jazz fans.

A major influence on Miller and a model for many upcoming electric bass players is the late Jaco Pastorius. At the time of his sudden, violent death in 1987, the American was shaping a solo career which involved innovative big band schemes. The Japanese reissue *Holiday for Pans* (Sound Hills SSCD-8001), which features steel drums, is both grand folly and elegant masterwork. It employs 12 musicians, Toots Thielmens and Wayne Shorter included, with the Mike Gibbs Orchestra plus strings thrown in for good measure. It is not cheap at £22 but worth every penny to hear the Beatles "She's Leaving Home" done by steel drum in a jazz setting.

Pianist Julian Joseph, who has just released his second album

The best of British

***Garry Booth** reviews jazz talent new and old*

Play up to the keyboard

*Should pianists be musicians? asks **David Murray***

Haefliger's Schubert Impromptus: SONY SK 53 108
Vogt PICTURES etc.: EMI CDC 7 54548 2
Tan's Beethoven: EMI CDC 7 54526 2
Lively/Cielen Busoni (etc.): Koch CD 311 160 H1
Kisssin/Giulini Schumann: Binns/Lloyd-Jones Balakirev/Rimsky: Hyperion CDA 66640
Lively/Cielen Busoni: Koch CD 311 160 H1.

THE QUESTION is not *utterly* stupid: for if "No" is an impossible reply, there is still healthy room for a "Yes – within limits!" The limits will depend upon how much you include within "musicianliness". If that takes in everything that makes for an effective performance, there can be no argument; but as pianists become more and more reluctant to be identified as "brilliant technicians" – thought to be a glut on the market, though I would not agree – the recognised marks of the Serious Musician become ever more austere.

The trouble with that is that the best part of the piano repertoire makes knowing room for virtuoso magic on its unique instrument. Composers are well aware that each note on a piano is unalterable, once struck, though it can be allowed to die away more or less quickly; not being a true "sustaining" instrument, it can only mimic a singing *legato*. On the other hand, with its multi-fingered attack, its damper-pedal and its rich octave-resonances, the piano can conjure up sounds like nothing else.

Figuration is the name of the game, the art of titivating music for the keyboard. Too many performances on my current batch of piano CDs make too little of that, especially where the composers expected pure pianism to carry the day without extending the musical argument by very much. On Sony SK 53 108, for example, Andreas Haefliger offers as searching and purposeful readings of eight Schubert Impromptus – the wonderful late sets, D899 and 935 – as I have heard in some time; I shall return to them often.

And yet: these pieces contain some of Schubert's most memorably *pretty* piano-writing, passages of inspired delicacy that no music-lover can forget – and Haefliger is resolutely un-charming with them ("charmless" would be unfair). Lesser pianists often capture the authentic shimmer better.

Melvyn Tan's EMI programme of mostly lesser Beethoven (CDC 7 54526 2) makes an intriguing comparison. On Beethoven's own Broadwood piano (much restored, I think), he plays Bagatelles early and late, and the C minor Fantasia, with the basically silly variation-sets on "God Save the King" and "*Rule Britannia*" fore and aft. There is any amount of quirky charm here, just as required. Nothing over-fanciful, but Tan's clever *rubato* – and the chunky, sinewy appeal of the instrument – bring the music immediately to life; and he is equal to the visionary last Bagatelles, op. 126 (virtually contemporary with those Schubert Impromptus).

The remarkable Yevgeny Kissin, who is still young enough to count as a prodigy, is immaculate – if a touch sober – in solo Grieg and Liszt on Sony SK 52 567. The main offering, however, is the evergreen Schumann Concerto, where Kissin is unsuitably yoked with the veteran conductor Giulini and the Vienna Philharmonic. There are exquisitely realised passages, but too often the pianist is audibly struggling against Giulini's moody tempi: a fresh, buoyant performance is half-stifled amid all that leisurely reverence.

On EMI (CDC 7 54548 2), Lars Vogt – distinguished second prizewinner at the last Leeds competition, after Arthur Pizzarro – underplays the salon charms of his Tchaikovsky fill-ups, the *Dumka* and three of the "Seasons" pieces. A sonata by his Russian wife, Tatiana Komarova, is sweetly Skryabinesque, and leaves no great mark. In Mussorgsky's *Pictures from an Exhibition*, however, he has any number of subtle ideas, deeply musical and always respectful of the text. All that one misses is a sense that the chicks' "Ballet", the "Market-place at Limoges" and "Baba Yaga" are tremendous pianistic *fun*: Vogt is excellent, but excessively polite.

We have needed a proper account of Balakirev's posthumous Piano Concerto, and Malcolm Binns – with David Lloyd-Jones conducting the English Northern Philharmonia, thoroughly idiomatic – has now supplied one (Hyperion CDA 66640), along with Rimsky-Korsakov's less substantial concerto. Binns is fully equal to Balakirev's athletic demands, as also to his twinkling charm. Just here and there, one would like harder fingers: some of Balakirev's best pianistic *trouvailles* trade upon the effect of an unstoppable *mechanism*.

In Busoni's monster Concerto with male chorus (Koch CD 311 160 H1), the American pianist goes through the hoops with tireless panache – which is all he needs to do, for his is essentially a noisy *concertante* role. The music, broad but not very complicated, rests in the safe hands of Michael Gielen, conducting the Südwestfunk Symphony. Busoni fans will have to have it.

BOOKS/ARTS

Fiction

Wading through the muck

***Anthony Curtis** finds this Indian novel loaded with repellent anatomical detail*

ON THE first page of this novel, the hero Jamun, an unmarried Indian man, a Hindu who works in insurance and is highly sexed and highly educated, walks to his office. On the way there he notices in the road a crushed dog from which "blood plays like an effluent". A few pages later he sees "four donkeys (mules?) fucking in the dead centre of the road". They remind him of the cover of the Classics Illustrated Comics of *Cyrano de Bergerac* – "The donkey's cocks are contoured like Cyrano's nose, only farcically longer, all but a foot".

Jamun is urgently trying to get on a flight to his parents' house halfway across the subcontinent. He has just received a telegram from his brother Burfi, a few years older and married, containing the news that their mother Urmila, now in her sixties, has been rushed into Intensive Care. In a letter preceding the telegram Burfi had explained that "Ma might have rectal cancer". It sounds dreadful and is very likely much worse. Haldia [the physician] said this evening that a hump in the rectum at her age is 75 per cent cancer". Our hero broods on his mother's likely fate: "... Haldia will take away her sphincter and perhaps hawk it to a snooty restaurant, where it might well be used for an hors d'oeuvre ..."

Had enough? There is more to come. Not only is this novel loaded with calculatedly repellent anatomical detail, the style in which it is written is also deliberately off-putting. We know from his earlier novel *English, August* (Faber £5.99) – described on this page when it appeared in 1988 as "delightful" – that Upamanyu Chatterjee can write with graceful purity. This time he has chosen to impede the narrative-flow with continual analogies as Jamun free-associates between past and present in language that always opts for the recondite word when the simple one will do.

When two enormous cockroaches are discovered in the sour curd Urmila has prepared for supper, Jamun and his father complain bitterly. There ensues a family row – one of a great many throughout the book. "Urmila ebbs away into hushed, unintelligible moans, like the soughing of the sea on distal sands". At first you think that "distal" there is a mis-print for "distant" (which is what it means), but a visit to the Dictionary reveals that it is a latinate word (like better-known "dorsal") used in biology to mean the outermost point of a body or form.

A more frequent affectation is the use of "suffix" as an intransitive verb meaning to utter the last biting remark in a spat as you leave the room. Upamanyu Chatterjee's characters are constantly "suffixing" one-liners as they slam the door in a huff. The Dictionary does not give its support this time. Hitherto "suffix" as a verb has only existed to describe the morphology of certain words (when the syllable "-en" is "suffixed" to the word "short" you get the word "shorten"). What's the betting that the Chatterjee use of suffix will get into the next edition of the OED?

Examples of such stylistic affectation could be multiplied. They make this a difficult novel to read, but for those who are prepared to persist, and wade through all the muck, there are ultimate rewards in store. By the end we do have a memorably complete picture of one contemporary middle-class Indian family at the moment when, through the collapse of its great maternal pillar Urmila, its temple-like structure lies in ruins.

Never can the bonds of love that bind a family together have been expressed through so much acrimony and ill-feeling. Shyamanand, Jamun's father, is a dour government official now in retirement who has suffered a massive stroke resulting in partial paralysis (all recounted in horrendous detail). He behaves abominably to Urmila and to the other female member of the family Joyce, his elder son's wife who is a Christian. She has borne him two naughty grandchildren whose well-described antics are the most human thing in the book.

The theme of elderly, failing parents and the burden they place on their offspring, emotional, economic, practical, is a universal one losing nothing from being placed with such precision and understanding in an Indian setting. Vikram Seth covered a great deal more ground in *A Suitable Boy* and much more readably in spite of that novel's excessive length. Here, in *The Last Burden*, we remember its handful of figures almost as if they were people who have played a significant part in our own lives.

THE LAST BURDEN
by Upamanyu Chatterjee
Faber £14.99, 303 pages

All lyrical about dirty realism

***Stephen Amidon** on the work of American writers who capture the essence of their country*

NELSON Algren is the hard luck man of American literature. Not only do his novels deal with men and women down on their fortune, but Algren himself, who died in 1981, never really received the recognition he was due. While contemporaries like Steinbeck and Dos Passos went on to achieve immortality, Algren, every bit their peer, remains in the minor leagues, still awaiting that posthumous promotion to the pantheon.

It is a sign of this hard luck that Algren's remarkable first novel, *Somebody in Boots*, only now receives its first UK printing, 60 years after it was written. The story details the life and hard times of Cass McKay, a teenager from a West Texas family so impoverished that Cass dreams of becoming a hobo. When his father commits murder he gets his opportunity, hitting the rails for a ride through Depression-era America that is anything but glorious. He is beaten in a New Orleans whorehouse and jailed in El Paso. He winds up a petty robber in Chicago, his future no less hleak than it was back bome.

Something in Boots is a masterful book that proves Algren to be a steely-eyed American novelist of the first order, a writer who seamlessly hlends lyricism with a truly dirty realism. Compare it with the early work of, say, Steinbeck, and you see the injustice in Algren's relative anonymity. He was an honest artist who was able to raise righteous anger to the level of poetry.

Walter Ahish is another American novelist hovering on the brink of fame, having won the PEN/Faulkner Prize and many fans with his first novel, *How German Is It?* His latest, *Eclipse Fever*, concerns a Mexican literary critic, Alejandro, who becomes embroiled with a nefarious American corporation when its chairman, Preston Hollier, asks him to write an article praising the company's plan to build a tourist elevator in the Pyramid of the Sun. Alejandro, whose wife has just left him for a novelist (surely the most painful of fates for a critic), soon becomes enmeshed in Hollier's true agenda – to smuggle pre-Columbian artifacts. Meanwhile, the teenaged daughter of the writer cuckolding Alejandro travels to Mexico to view a big eclipae, only to hecome involved with the art thieves who are supplying Hollier.

Eclipse Fever is a novel that is at once dense and deft, a book whose surface is as smooth as glass hut wbosa depths at times appear imponderable. Abish is a writer of considerable grace and occasionally great acuity, able to multiply plot lines into seemingly geometric complexity. His take on contamporary Mexico and its love/hate relationship with its overbearing northern neighbour is equally perspicacious.

That said, the reader should also be warned that Abish's sensibility is an oblique one. While his vision is often photographic, he does not seem particularly interested in arranging his snapshots into the sort of slide show you can sit back and enjoy. Readers who likes mysteries solved and enigmas explained will come away from the novel feeling shortchanged by a book that offers as many ellipses as eclipses.

Mexico also figures strongly in the work of Sandra Cisneros. Her second book, *Woman Hollering Creek*, is a skilful and evocative series of short stories dealing with Mexican-American women trying to live *Bel otro lada*, or "on the other side", the US. Whether she he a Chicano artist involved in a love affair with a labourer who poses for her psendo-mythic paintings or an abused Texan wifa trying to flee hack to her ancestral Mexico, Cisneros's women all suffer the longings and dangers inherent in being trapped between cultures.

Another writer who deftly captures what it is like to be a woman caught between worlds is Melanie Ray Thon. The eponymous heroine of her second novel, *Fiona Moon*, is a potato farmer's daughter born into a life of unrelenting harshness on the outskirts of White Falls, Idaho, where feelings remain unspoken, where men and women bring each other only misery.

Iona is looked down upon by the other kids, most notably Jay, the town's golden child who is only interested in her in the back seat of a car. When her mother falls ill, Iona quits school and leaves town to try to make a better life. But she soon returns home, where she finds Jay, having suffered an accident, reassessing a life that had been beautifully charted for him. They discover that they are not so different after all and give each other the strength to start anew.

Thon writes with clarity and warmth about coming of age in a life of limited possibilities, as well as about the stifling effect of rural poverty. Like Algren, she is able to tap that rich blend of American fiction that seeks salvation from deprivation in the lyrical.

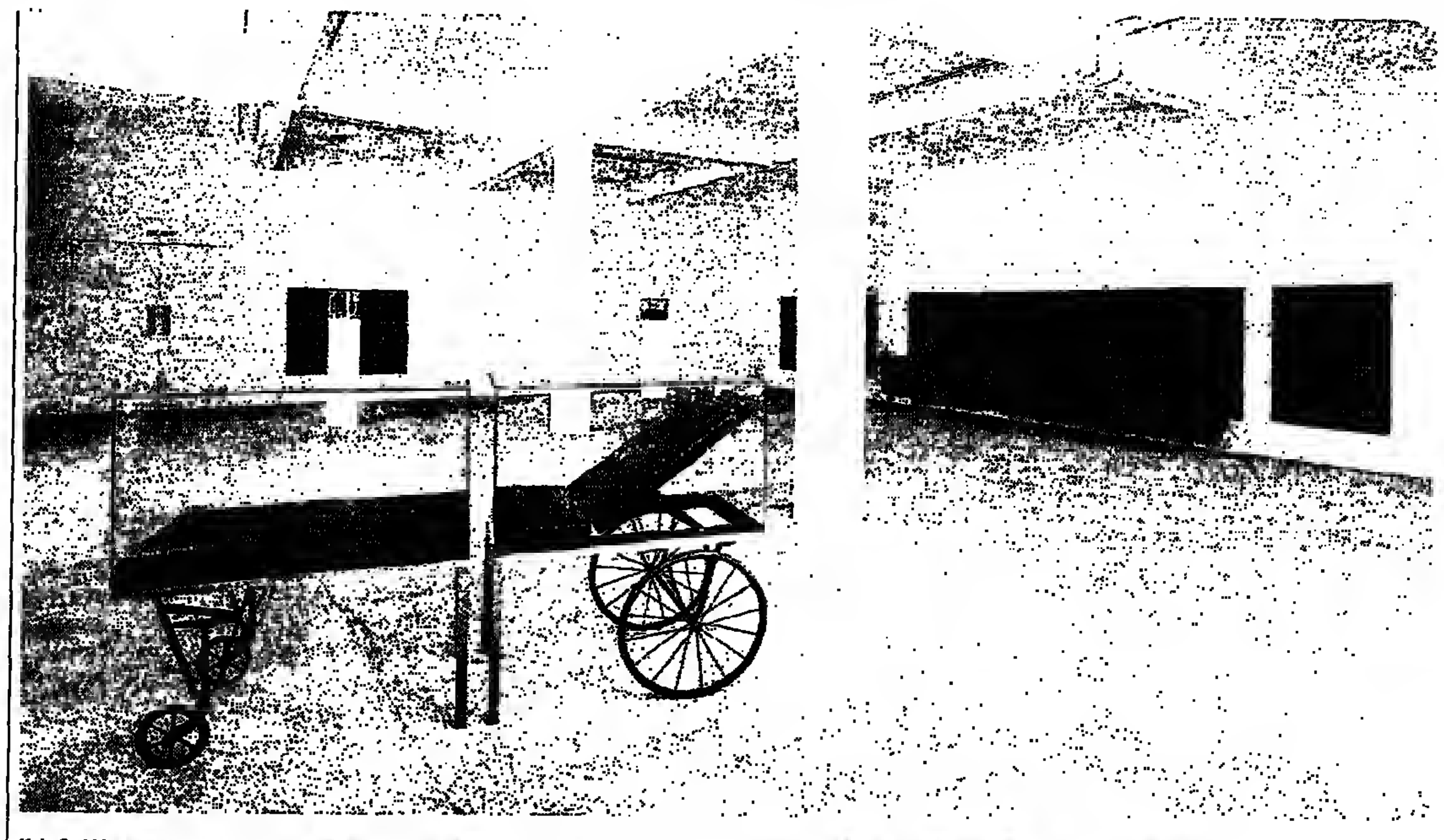
Stephen Amidon

SOMEBODY IN BOOTS
by Nelson Algren
Flamingo £5.99, 287 pages

ECLIPSE FEVER
by Walter Abish
Faber £14.99, 335 pages

WOMAN HOLLERING CREEK
by Sandra Cisneros
Bloomsbury £7.99, 165 pages

FIONA MOON
by Melanie Rae Thon
Viking £14.99, 315 pages



Kate Smith's exhibition at artist Robin Klassnik's Matt's Gallery, London E3, which has grown from a very private enterprise into a gallery of international repute

Galleries off the beaten track

*Stagnation in the property market has provided up-and-coming artists with alternative premises. **Mary Rose Beaumont** reports*

AS THE recession bit deeper in 1990-91, the pace of gallery closures accelerated. It became evident that galleries which had been prepared to take risks with young unknowns, and very likely sell their work to newly-rich punters in the heady years of the 1980s, could no longer afford to do so. The galleries that were left played safe with exhibitions of artists of proven selling power and tended to turn away those who were not.

Young artists graduating in the 1980s had become accustomed to selling well for high prices at their degree shows. By the turn of the decade it was no longer so, and the spirit of self-help came to the rescue. The crash in the property market left a wealth of untenanted accommodation – disused warehouses, empty shop spaces – which were frequently let to artists on a short lease as an exhibition venue. Some of these exhibitions were spectacularly successful, with reputations made overnight, or at any rate over the course of a few weeks.

A more enduring enterprise is the Delfina Studios Trust, an organisation set up by philanthropist and patron Delfina Entrecanales at Maryland Works, Stratford, E15 (Tel 081 519-8841). The purpose of the Trust is to give working space to selected young artists for a period of one or two years just when they are at their most vulnerable: they have left college, they are without a studio and they have no visible means of support, moral or practical. Some 18 artists are accommodated at one time and their work is exhibited in a purpose-built gallery twice a year, and the studios may be visited by appointment.

The non-commercial gallery scene in the East End is jumping. Matt's Gallery, 42-44 Copperfield Road, E3 (Tel 081-983-1771), has been in business since 1979. Run by Robin Klassnik, himself an artist, each exhibition is a co-operative enterprise between him and the exhibiting artist. In many cases he has been the first to give a solo exhibition to artists now familiar to a wide public, such as Tony Bevan, who showed in May/June this year at the Whitechapel Art Gallery.

Although the gallery is supported by public funds it does from time to time sell work, perhaps most notably Richard Wilson's oil sump installation, "20:50", now in the Saatchi Collection. Klassnik commissions four or five new pieces every year and, with two spaces each measuring 1,600 square feet, there is always one piece on show in one space whilst another is in preparation in the other. In 14 years Matt's Gallery has grown from a very private event into a gallery of international repute, attracting curators and collectors from all over the world.

Chisenhale Gallery, 64-84 Chisenhale Road, E3 (Tel 081 981-4518) specialises in innovative contemporary art which is site-specific, created by UK-based artists and artists from abroad. During the last year or so several of the exhibitions have achieved a high profile. The gallery commissioned Rose Finn-Kelcey's steam installation, which is now in the Saatchi Collection; Grenville Davey's exhibition last November coincided with his winning the Turner Prize, and Christine Borland and Vong Phaophanit were both in the Aperto at the Venice Biennale. The matter has been selected as one of the four contestants for this year's Turner Prize. An exhibition of collaborative works by Richard Deacon and Bill Woodrow, exhibited in May/June this year, was supported by the 1992 Prudential Visual Arts Award Programme.

South of the river, just behind the Design Museum, is the Clove Building, 4 Maguire Street, SE1 (Tel 071 701-5861). Kapil Jariwala founded his gallery in 1986 in Camberwell, but has now moved to the Clove Building to larger and more accessible premises. He shows an eclectic range of artists, both abstract and figurative, and is committed to the notion of the gallery as forum for new ideas. The paintings and sculptures exhibited are nevertbeless clearly rooted in tradition.

The Cafe Gallery in leafy Southwark Park (Tel 071 232-2170) is an artist-run gallery founded in 1984. Exhibitions of both established and less well-known artists are democratically selected, with an emphasis on installation work. The gallery bas had an exchange programme with artists from East Berlin, as well as integrating the local community into their exhibition plans. One of the most dramatic installations was Darrell Viner's Wheel.

A few intrepid spirits use their own homes as their gallery. One such is Maureen Paley, an American who has chosen to live in London. Ms Paley founded Interim Art, 21 Beck Road, E8 (Tel 071 254-9607) in 1984, and in two relatively small rooms of her house she has mounted some ground-breaking exhibitions. Two of her artists, Julie Roberts and Angela Bulloch, were shown in the Aperto this year.

In West London another home is given over entirely to art. Dr John Gruzelier, Reader in Psychology at Charing Cross and Westminster Medical School, founded his gallery, Gruzelier Modern and Contemporary Art, three years ago at 16 Maclise Road, W14 (Tel 071 603-4540) and now has 10 exhibitions a year of new work. In contrast to the spare hang of a white-walled gallery, the work is everywbere, as it would be in a domestic setting. Early on Gruzelier's bias was toward contemporary Scottish painters such as Ian Howard and David Cook, but he has now broadened the base to include ceramics and installation work by artists from the UK and abroad. One such installation is Norwegian artist Kjetil Berge's "The Prince's Bedroom" which involves suspending transparent sheets of plastic printed with gnomic images in three of the rooms (August 2-13).

Off the beaten track these galleries may be, but they have tbe huge advantage of being open at weekends when it is easy to get about and easy to park. The discovery of a hitherto-unknown (to you) artist in a hitherto unvisited gallery is both pleasurable and fun.

Crazy for – classics! in the West End

***Robert Tanitch** on why the London theatregoer has never had it so good*

THERE HAS been so much complaint of late about the West End being over-run by musicals, and there being very little on to entertain the serioua theatregoer, that I thought it might be interesting to see if things had been any better in tbe 1930s and the 1950s.

In the months leading up to the second world war, there were six musicals, four revues and 13 plays. Emlyn Williams was appearing in his own autobiographical *The Corn is Green* with Sybil Thorndike in the role of the schoolmarm, who helps him win a scholarship to Oxford. Marie Tempest was starring in *Dear Octopus*, Dodia Smith's tribute to "that British institution the family". John Mills was having a big success as George, the migrant labourer, in John Steinbeck's drama of the American Depression, *Of Mice end Men*, which the Lord Chamberlain banned initially (on account of its bad language) and only relented after it had opened at a club theatre to universally good reviews.

There were comedies by Ben Travers, Lesley Storm and N.C.Hunter. Best of all there was a revival of Oscar Wilde's *The Importance of Being Ernest* with a definitive cast which included John Gielgud, Edith Evans, Peggy Ashcroft, Gwen Francgeon-Davies, Jack Hawkins, Margaret Rutherford and Miles Malleson. But this was the only classic revival. The Old Vic was closed, thougb earlier in the year it had been possible to see *A Midsummer Night's Dream*, *She Stoops to Conquer* and Ibsen's *An Enemy of the People*.

In the months leading up to the first nigbt of John Osborne's *Look Back in Anger* in June 1956, there were seven mnsicals, three revues, three variety shows, 21 plays – three of them thrillers, two by Agatha Christie. *The Mousetrap* was in its fifth year.

John Clements was running tha Saville Theatre as a national theatre, in the middle of a season of classical plays which included *The Seagull*, *The Doctor's Dilemma*, *The Way of the World* and was presenting *The Rivals* with himself and Laurence Harvey as Sir Anthony and Captain Absolute with Athene Seyler as Mrs Malaprop. Paul Scofield and Peter Brook were reviving T.S.Eliot's *The Family Reunion* as part of their season at the Phoenix Theatre, which included *Hamlet* and an adaptation of Graham Greene's *The Power and the Glory*. At the Old Vic there was Sbakespeare, the company being in the third year of its five year plan to produce all 36 plays.

Edith Evans and Peggy Ashcroft were appearing in Enid Bagnold's *The Chalk Garden*, directed by John Gielgud, hailed by Kenneth Tynan, in a moment of sberration, as the finest artificial comedy that had flowed from an English (as opposed from an Irish) pen since the death of Congreve. Hugh Griffiths was giving a magnificent performance as General St.Pa, a compulsive womaniser dictating his war memoirs, in Jean Anouilh's characteristically cynical and bitter *The Waltz of the Toreadors*.

Eric Portman and Margaret Leighton were playing to full houses in Terence Rattigan's *Separate Tables*. Alec Guinness, Irene Worth and Martita Hunt were giving London its first taste of Georges Feydeau in English in *Hotel Paradiso*. Peter Ustinov was enjoying a popular success in his own play, *Romanoff and Juliet*, tbe gentlest of political satires at tba expense of tbe Russians and Americans. Peggy Mount had become a star overnight in Pbilip King and Falkland Carey's *Sailor, Beware!* Vivien Leigh had turned a minor Noel Coward comedy, *South Sea Bubble* into a box office hit and Brian Rix was losing his trousers in *Dry Rot*.

So, at first sight, it might seem that things were much "better" in the 1930s and 1950s than they are today. There were lots of plays and lots of stars. Nevertheless, in recent months it has been possihle to see plays by Shakespeare, Jonson, Ford, Heywood, Middleton and Rowley, Lope de Vega, Shadwell, Gay, Farquhar, Molière, Marivaux, Ostrovsky, Pinero, Chekhov, Shaw, Pirandello, Priestley, Tennessee Williams, Alan Ayckbourn, Alan Bennett, Alan Bleasdale, David Hare, Peter Whelan, Tony Kushner and Tom Stoppard.

But, it will be said, all these plays have been produced by either the Royal Shakespeare Company or tbe Royal National Theatre. So what? The RSC and the RNT did not exist before. Besides, in the West End it has also been possible to see Oscar Wilde's *An ideal Husband* and *The Importance of Being Ernest*, Edmond Rostand's *Cyrano de Bergerac*, Noel Coward's *Hay Fever*, Harold Pinter's *No Man's Land*, Peter Shaffer's *The Gift of the Gorgon*, Arthur Miller's *The Last Ynnkee*, Terence Rattigan's *The Deep Blue Sea*, J.B.Priestley's *An inspector Calls*, Sean O'Casey's *Juno and the Paycock* and an adaptation of Graham Greene's *Travels with My Aunt*. It has even been possible to see Shakespeare on Shaftesbury Avenue.

The London theatregoer has never had it so good. Surely, he cannot ask for more? And if be does, he can go to the Fringe and the opera. The Gate and ENO have produced some of the best tbeatre London has seen in the last few years.

It could be argued that the serious theatregoer no longer needs the West End. High production values are guaranteed at the RNT and RSC, the seats are cheaper, tbe foyers are more spacious and audiences can park their cars.

But what then is going to happen to modern authors who do not fit into the RNT and RSC or indeed the Royal Court repertoire? Now that there are few stars who are capahle of filling a theatre on their names alone, the chance of a new play attracting investment becomes more and more unlikely. Brian Friel's *Dancing at Lughnasa* only got into the West End after its critical and hox-office success at The National; and this is also true of Shaffer, Miller and the Rattigan, Pinter and Priestley revivals, all having to rely on the subsidised theatre to produce them initially. in order for productions to succeed in the commercial theatre they have to he turned into events and clearly an event now means either a musical hy Andrew Lloyd Webber or a revival of a famous classic with Maggie Smith, who is the only British actress these days who can ensure massive advance hookings before the play has opened.

Actor Timothy West recently suggested to me that one solution would be for some of the smaller theatres (e.g. The Duchess, The Fortune and The Amhassadors) to he turned into "off-West End" theatres where actors would not be paid West End prices and straight plays could play to a minority audience for an open-ended run with a top price of £14 and the bulk of the seats at £10. This would, of course, involve not only negotiations with theatre unions, hut also with the theatre owners who would have to be willing to reduce their rents. It is plain that unless something is done, the present situation will continue.

Matchmaker misses the mark

Andrew St George reviews Thornton Wilder at Chichester

AS THE song goes, "Who cares if banks fail in Yonkers? As long as you've got a kiss that conquers." Love and money have long been travelling companions, but they rarely meet in Yonkers, save in Thornton Wilder's *The Matchmaker* (1954), the rewrite of *The Merchant of Yonkers* (1938) and the blueprint for *Hello Dolly!* (1964). The show at the Chichester Festival Theatre is a disappointing production which gives full scope to Wilder's weaknesses and adds a few of its own.

Wilder (1897-1975) indulges a quiet look at life's absurdities and pretensions, half serious but usually entertaining, the mark of a novelist as well as playwright. The plays themselves are fragile tempered and easily upset.

The Matchmaker amounts to gentle social and matrimonial farce set in New York, 1900. The plot shatters into connubial shards at the end, but remains in the hands of Dolly – the matchmaker – who brings the wealthy merchant widower Vandergelder from Yonkers to New York and marries him, while marrying off his chief clerk to Irene, her principle rival, and his heiress daughter to an impecunious artist.

Patrick Mason's direction allows the scenes to hang around too long, like a lingering dinner guest. This makes Wilder's meticulous farce look less than ordinary, limping along between *bons mots* which seem to issue from a quotation book rather than from the action itself. Vandergelder unleashes his views on marriage – "a bribe to make a housekeeper think she's a householder" – while Dolly sums up New York: "I want New York to be more like Vienna and less like a collection of nervous and tired ants." Freud did make a difference.

The sets (Joe Vanek) are standard, fine Chichester fare. First the Vandergelder store, an anxious gleam accumulation of officeware; then a wonderful hat store belonging to Irene, one of Vandergelder's putative wives; and then a splendid New York balcony and drawing room backed by canyons of lit skyscrapers.

However, the principals, Prunella Scales as Dolly and Frank Lazarus as Vandergelder, look uncomfortable in their roles. The gestures are not yet integrated, their speech not yet consistent. Mason leaves them with too much dead space around them and too little to do, so they are forever fiddling and meandering around the stage.

Scales has so far developed an off-hand bossiness; she introduces herself as "the woman who arranges things", manipulates others by confiding, and wants Vandergelder's wealth redistributed to "circulate like rainwater", her own pennies from heaven.

In contrast, the excellent Isla Blair as Irene fashions a fine character by trimming a hat or turning her head to flirt. The play's best scenes involve her with two penniless naives down from Yonkers. First, there is high farce in cupboards and under tables; yet this finishes with a quiet civil war song faithful to Wilder's stage directions. And then the evening puts the two *ingénues* in Irene's professional charge at an expensive restaurant.

These scenes show that Wilder should not be played too much for laughs. The the principal characters have short soliloquies to explain themselves and their roles, like Eliot's knights in *Murder in The Cathedral*. The best of these is a journeyman employee, Malachi (well crafted by John Rogan) who advises against mixing the vices.

Elsewhere, there are highlights, like the coachman who responds to "Do you want to earn five dollars?" with "I dunno, I've never tried" and the girl who longs for home: "I wish I was back in Yonkers where nothing happens."

In Repertory, Chichester Festival Theatre (0243-784437).

Prunella Scales as Dolly and Frank Lazarus as Vandergelder: uncomfortable in their roles

Bold new music in Tuscany

William Weaver roves through the Italian summer music festivals

MUSIC-LOVING Tuscan summer residents are lucky, for in almost every part of the Italian peninsula's largest and, arguably, loveliest region there are concerts, performances, festivals. The Siena area is particularly blest: in the city itself the Settimana musicale senese continues its 50th season mixing scholarship with performances: eminent specialists speak and debate at conferences during the day, and the subject of their erudition is heard in the evening.

In Montepulciano, the festival (or "workshop" as it is understatedly called), founded almost 20 years ago by Hans Werner Henze, continues to pursue its eccentric course, seeking a popular consensus with outdoor performances and accessible prices, while presenting bold programmes of new or unfamiliar music, plays, dance. And, a bit to the south, under the dramatic, beetling peak of Monte Amiata, the cellist Antonio Lysy organises a series of chamber music evenings centering around the family estate, La Foce.

The Lysy series, known as "Encounters in the Territory of Siena", concluded its 1993 festival last week, with a typically refined and impressive concert in the sober courtyard of the Renaissance palace of Pius II Piccolomini, in the town of Pienza, which the learned Pope designed as the summer residence of his court.

Lysy's audience heard a group of first-rate artists like the pianist Jeffrey Swann, the violinists Ani Kavafian and James Buswell, the violists Barbara Westphal and Sophie Renshaw, as well as Lysy and his fellow-cellist the aristocratic Carter Brey, in various combinations, playing Haydn, Schumann, and the rare, haunting Reger trio op.141. In earlier concerts, the programmes ranged from Haydn's delightful little Concertos for "lira organizzata" (a kind of hurdy-gurdy favoured by King Ferdinand of Naples, who commissioned the pieces) to seldom-performed, youthful chamber works by Puccini.

In nearby Montepulciano, a few nights later, there was quite a different feeling. In the course of the "Workshop", now under the artistic direction of the Italian composer [illegible] Battistelli, with the German conductor Markus Stenz as music director, a number of young artists collect, to perform but also to listen. So the audience suggests a university or conservatory atmosphere, a knowledgeable, participant, but not uncritical public, ideal company for the hearing of new and demanding music.

The most substantial work of the brief season, given in the Teatro Poliziano, was a 90-minute one-act opera, *Leyla und Medjnun*, by the 33-year-old Hamburg composer Detlev Glanert, a Henze protégé and former pupil, now also co-director of the Montepulciano municipal music school. Written in 1987-88 and first performed at the Munich Biennial, Glanert's work is based on a libretto by Peter Schneider and the Turkish poet Aras Oren, drawn from the classic Arabic story, best known in the great 12th century epic retelling by the Persian poet Nizami (an affecting English version, published in 1966 by Cassirer, also inspired a libretto by Andrew Porter for the Chinese-American composer Bright Sheng, performed at the Chicago Opera and in San Francisco).

In Montepulciano, the Glanert opera was given in an Italian version by Matteo d'Amico and Marco Marica, though the enunciation of the performers did not always make the words clear. The worst offender was the "Zenne", or narrator, a spoken part assumed by the Italian actor Elia Shilton. For that matter, the very existence of the narrator was a theatrical mistake, dulling the effect of the drama, which had little of the radiance of the great love story.

In his small orchestra – about a dozen players – Glanert introduced an Oriental stringed instrument, the Tar, whose plaintive twang added welcome colour to the music, a colour that was absent from the stark staging by Lorenza Cantini, brightened chiefly by some charming puppet animals designed by Donatella Esposti, but only briefly exploited. As Madjnun, the young prince driven mad by love, the tenor Lynton Atkinson was correct, cold, far too sane. His Leyla, Svetla Vasileva, was more appropriately impassioned, sweet-voiced and tender. Among the other members of the fairly large cast, Sabina Macculi won attention as a lithe and lyrical gazelle.

Glanert, in this youthful work, demonstrates taste and talent; happily, he is already at work on a second opera, which will no doubt appear in the Montepulciano context.

Dedicated to the Great Bore

***Patricia Morison** enjoys an exhibition about the 'Channel Tunnel' of its day*

MARC Isambard Brunel, father of Isambard Kingdom Brunel, is hardly known except to those familiar with the annals of civil engineering. And yet Marc, a refugee from the French Revolution, was easily his son's equal and rather more successful. His greatest project is commemorated by *The Triumphant Bore* a modest but interesting exhibition in the basement of the Institution of Civil Engineers in Great George Street, London SW1.

The Thames Tunnel, 150 years old this year, was a technological feat which was the wonder of Europe. Linking Rotherhithe to Limehouse, it was the Channel Tunnel of its day. Indeed, the Channel Tunnel would be inconceivable without tunnelling machines which derive ultimately from Brunel's discovery of the shield method of driving tunnels. The inspiration behind Brunel's patent of 1818 was the ship-worms he watched boring away at Chatham Dockyards.

Like the Channel Tunnel, Brunel's tunnel went way over budget and took far longer than expected, 20 desperately difficult years. It was only achieved because of Brunel's unswerving dedication. Lives were lost (at one point very nearly young Isambard's) whenever water poured into the workings. The Thames was like an open sewer and tunnel sickness caused fatalities or suddenly sent men blind, sometimes permanently.

Brunel's struggle to build and finance the tunnel makes an inspiring story, well written up in the catalogue (£6). In 1837, we find Brunel noting that the shield was moving across the treacherous riverbed "at the breadth of one halfpenny per day." He himself worked tirelessly beside his miners amid the stench and constant threat of disaster. Not surprisingly, he suffered a stroke but Queen Victoria rewarded him with a knighthood.

The exhibition's drawings and plans are for the more technically minded visitor but I was interested by the tunnel souvenirs. Peeperamas show what an enjoyable venue the tunnel was at first, with its bright lights and stalls selling beer, gin and souvenirs. Among the memorabilia are transformation prints, pottery, engravings, cheroot cases, alabaster peep eggs, needlecases and the like.

The opening of the Triumphant Bore was an extraordinary success; in one month it attracted half a million visitors. However, it gradually became the resort of East End lowlife, public interest waned and The Times started to call it the Great Bore. Only with the coming of the railways was Brunel's wonderful achievement at last put to good use.

Channel Tunnel shareholders will note with wry amusement the reason for the Thames Tunnel's financial failure. "Funds were never available to meet the expense of constructing the approaches for carriages and wagons. This derived the tunnel of much of its original purpose..." The Triumphant Bore runs until the end of August and is sponsored by James Howden & Company.

*

August is your last chance to see the Firle Van Dyck currently on loan to the National Gallery. (The gallery is open until 8pm every Wednesday evenings through August.) Van Dyck painted this monumental portrait of the Count of Nassau-Siegen, his wife Ernestina de Ligne and their four teenage children in Brussels in 1634. The turncoat Dutch nobleman had defected to the Catholic side and become a great figure at the court of the Spanish archdukes.

The count dominates the picture, dressed soberly in black like his wife although Van Dyck's brush brilliantly suggests the sumptuousness of the fabrics. Their children stand before them, pretty in their bright colours. The eldest daughter holds a rose, Venus's flower, in one dainty hand. She wears virginal white and follows her father in looking full face at us, her audience. Perhaps, then, this portrait is a dynastic statement and the young lady is demanding our approbation for her filial obedience.

This graceful and important picture is just back from cleaning and conservation which is the reason for its presence in London. It is the first project tackled by the newly formed Heritage Conservation Trust. Under the rules of this charitable trust, grants are made for conserving pre-eminent works of art in privately owned historic houses.

The works must then be displayed in a public gallery for a period and thereafter be accessible to the public. For those wishing either to give or receive, the Trust can be contacted at 071-259-5688. Firle Place itself is near Lewes in east Sussex and is open through the summer; it sounds enticing, moreover there is a Connoisseurs Day on the first Wednesday of each month.

Marc Isambard Brunel: like the Channel Tunnel, his tunnel was way over budget and took longer than expected

Radio/B.A. Young

Play with politics

WHEN SO many BBC plays deal with Irish life, it was right to give Tom Paulin's *All the Way to the Empire Ballroom* (Radio 4, Monday), a dramatic account of how Irish life assumed its present shape. It is October 1921: Paulin shows Lloyd George and Winston Churchill virtually tricking Arthur Griffith into signing the partition agreement that has led to the wretched situation of our own times.

The play examines the problems of persuading Griffith, Michael Collins and Erskine Childers to consider partition, and of ensuring that the Unionists would remain loyal enough to keep Lloyd George in Power. But Paulin, being a poet, has added extra drama. We have a glance at Lloyd George's affair with his secretary Frances Stevenson. We have the proposal to make Sir John Lavery (busy painting Collins' portrait) Governor-General of Ireland. There is a mad moment when Lloyd George, in conference with the Irish delegation, loses the paper recording Griffith's agreement. The only concession to true poetry is in Collins's account of the hanging of six of his colleagues. Director Pam Brighton does not ask her company to represent the historic sound of the characters' voices. They are just politicians.

Politics of another kind tinged Radio 3's Sunday play, for it was a repeat of the 1989 broadcast of Plato's *Symposium*, translated by Tom Griffith and directed by John Theocharis. No need to recount the content here – you know it, or you don't. Griffith uses current middle-class language, fluent and expressive, and the performance is excellently done by fine players, with Socrates by Leo McKern, as judgmental and amusing as in his more familiar role, and Paul Shelley as a not-very-drunk Alcibiades. Morally, its view of love between men seems to be coming back into fashion, except in the US navy.

File on Four, 4pm on Thursday, dealt with computer crime. It gave several examples of cases that had been reported, even settled, but no hint of how computer interference was carried out. This is a problem for pages other than this. Most computers, we were told, can obtain money in various ways, "not intellectual". There is also the problem of the virus, which may not be used for profit but can destroy calculations. One is the "Friday the 13th" virus, any news of which may be out today.

I was disappointed in Radio 3's *Changing Times* on Tuesday, a view by Max Easterman of how jazz developed up to 1940. This week was dedicated to 1926, and this was the year in which (at school) I became seriously interested in jazz. My key entry was *Washboard Blues* by Red Nichols and his Five Pennies, recorded that year. It is a clever, almost neo-Mozartian arrangement for five star players (the drummer was later in my record of Bartók's *Music for Strings, Percussion and Celesta*), who made records that set a fashion among white players.

Easterman never mentioned Nichols, the leading white trumpet-player before Beiderbecke, and gave little attention to the small groups, apart from playing the Memphis Five in *Tampico* to show how poor it was. He was more concerned with the effect of the improved electric recording of the bigger orchestras. Interesting in its way, but less exciting than the small bands, and less to do with jazz.

This week's *Book at Bedtime* on Radio 4 was Alice Walker's tale of a black woman singer who sells her best song to a young white fan. He sings it with all her mannerisms, but confesses that he does not know what it is about. Still, he makes a great fortune, indeed almost lives Presley's life – and death. He rewards the black lady generously, and the moral is "Try and make the people you know happy." What made me especially happy was the sympathetic reading by Whoopi Goldberg.

Chess No 987:
1 Bd4. If Kxh4 2 f4 exf3 en passant 3 Bf6. If Kh6 2 Ra5 Kh7 3 Rxh5.

TELEVISION

SATURDAY

BBC1

7.00 Ceefax Pages. 7.25 News. 7.30 Pinocchio. 7.50 The All-New Popeye Show. 8.10 McGee and Me. 8.35 Peter Pan and the Pirates. 9.00 Parallel 9. 10.47 Weather.

10.50 Grandstand. Introduced by Steve Rider in London and Desmond Lynam in Stuttgart. Including at 10.55 World Championship Athletics: The opening day from Stuttgart, with coverage of the men's 100m and 400m heats, the women's 400m and the women's 10km walk. 12.10 Football: Bob Wilson and Terry Venables preview the start of the FA Premier League. 12.40 World Championship Athletics. 12.55 News. 1.00 World Championship Athletics. 1.40 British Horse Trials Championship: Action from Gatcombe. Commentary by Michael Tucker and Lorna Clarke. 1.55 Racing from Newbury: The 2.00 St Hugh's Stakes. 2.05 British Horse Trials Championship. 2.55 Racing: The 3.00 Ibn Bey Geoffrey Freer Stakes. 3.05 Women's Golf: The British Open. Coverage from the third round at Woburn. 3.25 Racing: The 3.30 Eurolink Silver Trophy Rated Stakes. 3.35 Golf. 4.40 Final Score. Times may vary.

5.15 News.

5.25 Regional News and Sport.

5.30 Tom and Jerry Greatest Hits.

5.50 Film: Star Trek III: The Search for Spock. Sequel to Star Trek II: The Wrath of Khan. SF adventure, starring William Shatner, Leonard Nimoy, DeForest Kelley and Christopher Lloyd (1984).

7.30 Open All Hours. Vintage comedy, starring Ronnie Barker as miserly shopkeeper Arkwright.

8.00 Birds of a Feather. Tracey's good deed backfires when she lets an ex-convict stay at her house.

8.30 The House of Eliott. Beatrice and Evangeline face financial ruin. Will they sell their business, or accept help from Jack Maddox and Alexander Montford?

9.25 News and Sport; Weather.

9.45 Spender. Jimmy Nail as the tough Tyneside detective goes undercover when a Newcastle nightclub owner is implicated in the death of a teenage dancer in Barcelona.

10.40 Match of the Day. Action from two top games on the opening day of the FA Premier League.

11.40 Film: Operation Undercover. Police thriller, starring Michael Moriarty and Yaphet Kotto as New York cops involved in scandal while trying to smash a drugs racket (1975).

1.25 Weather.

1.30 Close.

BBC2

6.40 Open University.

3.00 Film: The Other Love. Dying concert pianist Barbara Stanwyck retires to a Swiss sanatorium and falls in love with a handsome doctor. Melodrama, also starring David Niven and Richard Conte (1947).

4.30 Athletics: World Championships. Live coverage from Stuttgart. 4.40 The Men's Marathon start. 5.00 Men's 800m First Round: Tom McKean, Curtis Robb and Matthew Steele run for Britain. 5.45 Men's 100m Second Round: Linford Christie aims to move closer to the final. 6.10 Women's 3,000m First Round: Yvonne Murray competes. 6.50 Men's Marathon Finish. 7.05 Men's 5,000m First Round: The on-form Rob Denmark races against leading athletes from Kenya and Algeria. 8.15 The Women's 800m First Round: The British competitors face a stern test against the best in the world. Commentary by David Coleman, Stuart Storey, Paul Dickenson and Brendan Foster.

9.00 The Wexford Trilogy. Last of three acclaimed plays by Billy Roche. Artie the sexton is content to spend his days tending the vestry of a small church – until he falls in love with the wife of a parishioner. Their relationship has far-reaching consequences, not just for Artie but for the people around him. Starring Des McAleer, Ingrid Craigie, Aidan Gillen and Michael O'Hagan.

10.30 Teenage Diaries. An insight into the life of 13-year-old Rhys from Bristol, who hopes the physical changes of adolescence will not put an end to her dreams of competing in the Olympic Games. The programme also follows the sports-mad youngster as she and her mother plan a holiday.

11.30 Golf: US PGA Championships. Coverage of the third round from Inverness Club in Toledo, Ohio. US Masters Champion Bernhard Langer and world number one Nick Faldo lead the European challenge for the final major of the season. Commentary by Peter Alliss, Bruce Critchley and Dave Marr.

1.00 On the Air. Staff at the broadcasting company are pushed to the limit when Betty's older sister prepares to appear on a variety show. Comedy by David Lynch and Mark Frost, starring Miguel Ferrer, Marla Jeannette Rubinoff and Ann Bloom.

1.30 Close.

LWT

6.00 GMTV. 9.25 Gimme 5. 11.30 The ITV Chart Show. 12.30 pm Opening Shot.

1.00 ITN News; Weather.

1.05 London Today; Weather.

1.10 Movies, Games and Videos. A review of Made in America, starring Whoopi Goldberg.

1.40 The Big Valley. Jealousy and infidelity among the Barkleys and their neighbours leads to a shooting.

2.40 Sky High. Two boys learn to fly a World War One vintage plane.

3.35 WCW Worldwide Wrestling. Ringside action with the American giants.

4.20 Cartoon Time.

4.40 ITN News and Results; Weather.

5.00 London Today and Sport; Weather.

5.10 MacGyver. The adventurer ends a feud between an Amish community and construction site workers hired to build a new motorway.

6.00 What You Lookin' At? Trevor has to watch his back when an old friend returns.

6.30 Beadle's About.

7.00 The Best of Tommy Cooper. Henry Cooper joins the legendary comedian. Last in series.

7.30 The Upper Hand. Charlie and Caroline are left alone during a birthday celebration – will they resist temptation, or will Cupid's arrow find its mark? Starring Joe McGann and Diana Weston.

8.00 The Bill. Morgan and Lines' investigation into a violent highway robbery leads them into dangerous quarters.

8.30 London's Burning. Malcolm finally receives his bravery award, while Tate reluctantly goes for a routine check on his health and fitness.

9.30 ITN News; Weather.

9.45 London Weather.

9.50 The Blackheath Poisonings. Two Victorian families are blighted by lust, greed and corruption after the murder of an outwardly respectable patriarch prompts a determined investigation by his son. Starring Christine Kavanagh, Ian McNeice, Zoe Wanamaker and Patrick Malahide.

12.20 Film: McCloud: The Gang That Stole Manhattan. Sam encounters murder and a jewel robbery when he investigates strange goings-on behind the scenes of a film set. Detective adventure, starring Dennis Weaver (TVM 1974).

2.10 The Big E; ITN News Headlines.

3.05 Elvis Special; ITN News Headlines.

4.00 New Music.

5.00 BPM.; Night Shift.

CHANNEL4

6.00 Early Morning. 10.00 Trans World Sport. 11.00 Gaelic Games. 12.00 Sumo. 12.30 pm Kasak (English subtitles).

1.00 Film: The Farmer Takes a Wife. A young tearaway finds romance and security with an unlikely partner. Romantic melodrama, starring Janet Gaynor and Henry Fonda in his first film (1935).

2.40 Film: The Male Animal. Second of two films starring Henry Fonda, who plays a college professor on the verge of losing his wife to an old flame. Comedy by James Thurber, starring Olivia de Havilland and Jack Carson (1942).

4.35 Sand and Sweat. Short film about a gruelling marathon.

5.05 Brookside.

6.30 Opening Shot. Yehudi Menuhin looks at the success enjoyed by young violinists.

7.00 The World This Week. After Sarajevo, where next? Major players in the Balkan capitals discuss if the war will spread; News Summary.

8.00 Best of Cutting Edge. The story of Peter and Helen Kroger, antiquarian booksellers living in the London suburb of Ruislip who led a double life as Russian spies. The programme reveals how the couple played a key role in passing on secret information throughout the Cold War – until the British Secret Service raided their house and uncovered a complicated network of communication devices and top secret files.

9.00 Viva Elvis! Jonathan Ross journeys Stateside to investigate the phenomenon of Elvis impersonators, and is all shook up when he meets a variety of people paying tribute to "the King". The sharply-dressed presenter also performs his own version of "Heartbreak Hotel".

10.15 The Big One. James returns from Ireland to find Daddy is not alone in the flat. Comedy, starring Sandi Toksvig and Mike McShane as the unlikely flatmates.

10.50 Film: Dr Petiot. Stylish thriller about the infamous mass murderer who killed 24 Jews in occupied Paris. Starring Michel Serrault (1990).(English subtitles).

12.40 Film: Dr Jekyll and Mr Hyde. Frederic March won an Oscar for his bravura performance as the Victorian doctor who turns into a monster. Classic horror, also starring Miriam Hopkins and Holmes Herbert (1932).

2.30 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA:
12.30 Movies, Games and Videos. 1.05 Anglia News. 1.10 Cartoon. 1.15 WCW Worldwide Wrestling. 1.55 The A-Team. 2.50 Journey to the Centre of the Earth. (1959) 5.00 Anglia News and Sport 5.10 Baywatch. 9.45 Anglia Weather.

BORDER:
12.30 Movies, Games and Videos. 1.05 Border News. 1.10 Kick Off. 2.00 Granada Sport Action. 5.00 Border News and Weather

CENTRAL:
12.30 Movies, Games and Videos. 1.00 Central News 1.10 COPS. 1.35 Nigel Mansell's Indycar '93. 2.35 The Munsters Today. 3.00 The A-Team. 3.55 WCW Worldwide Wrestling. 5.00 Central News 5.05 The Central Match - Goals Extra 9.45 Local Weather.

GRAMPIAN:
12.30 Cruinne-Ce. 1.05 Grampian Headlines. 1.10 Teleflos. 1.40 Tomas Tolteach 'S A Charaidean. 1.45 Police News. 1.50 Movies, Games and Videos. 2.20 Nigel Mansell's IndyCar '93. 2.50 The A-Team. 3.50 Out of Limits. 3.55 WCW Worldwide Wrestling. 5.00 Grampian Headlines. 5.05 Grampian News Review. 9.45 Grampian Weather.

GRANADA:
12.30 Movies, Games and Videos. 1.05 Granada News 1.10 Kick Off. 2.00 Granada Sport Action. 5.00 Granada News 5.05 Goals Extra. 5.10 Baywatch.

HTV:
12.30 Movies, Games and Videos. 1.05 HTV News. 1.10 Nigel Mansell's Indycar '93. 1.40 The Mountain Bike Show. 2.10 Get Wet. 2.40 McCloud: Sharks. 4.30 Cartoon Time. 5.00 HTV News and Sports Results 9.45 HTV Weather.

MERIDIAN:
12.30 The Munsters Today. 1.05 Meridian News. 1.10 Nigel Mansell's IndyCar '93. 1.40 The Mountain Bike Show. 2.10 Once Upon a Spy. 3.55 WCW Worldwide Wrestling. 5.00 Meridian News.

SCOTTISH:
12.30 Movies, Games and Videos. 1.05 Scotland Today. 1.10 Teleflos. 1.40 Abair Spors! 2.10 Animal Country. 2.40 Cartoon Time. 2.55 Westward Ho, The Wagons. (1956) 5.00 Scotland Today 5.10 Cartoon Time. 5.30 Fantastic Facts! 9.45 Scottish Weather.

TYNE TEES:
12.30 Movies, Games and Videos. 1.05 Tyne Tees News. 1.10 The A-Team. 2.05 Rascals and Robbers: The Secret Adventures of Tom Sawyer and Huck Finn. (TVM 1982) 3.45 McCloud: The Man with the Golden Hat. 5.00 Tyne Tees Saturday

ULSTER:
, followed by SUS Sting. 12.30 SUS. 1.05 UTV Live News and Sport 1.10 Nigel Mansell's IndyCar '93. 1.40 The Mountain Bike Show. 2.10 Movies, Games and Videos. 2.40 The A-Team. 3.35 Cartoon. 3.55 WCW Worldwide Wrestling. 5.00 UTV Live Early Evening News. 5.05 Saturday Sport. 9.45 UTV Live Headlines

WESTCOUNTRY:
12.30 Movies, Games and Videos. 1.05 Westcountry Weekend Latest. 1.10 The Secret Life of Walter Mitty. (1947) 3.10 Nigel Mansell's IndyCar '93. 4.10 The Mountain Bike Show. 5.00 Westcountry Weekend Latest.

YORKSHIRE:
12.30 Movies, Games and Videos. 1.05 Calendar News. 1.10 The A-Team. 2.05 Rascals and Robbers: The Secret Adventures of Tom Sawyer and Huck Finn. (TVM 1982) 3.45 McCloud: The Man with the Golden Hat. 5.00 Calendar News.

SUNDAY

BBC1

7.00 Ceefax Pages. 7.30 Wiz Bang. 7.40 Pigeon Street. 7.55 Playdays. 8.15 Breakfast with Frost. 8.55 Athletics: World Championships.

11.45 Summer Sunday.

12.30 CountryFile. Rural and environmental news.

12.55 Weather for the Week Ahead.

1.00 News.

1.03 Barnyard Babies. Cartoon.

1.15 Harry and the Hendersons. Brett's parrot spreads chaos when Harry decides to set it free.

1.35 Steven Spielberg's Amazing Stories. Sid Caesar plays an ailing magician.

2.00 EastEnders.

3.00 Film: Please Don't Eat the Daisies. David Niven stars as a successful theatre critic who meets unexpected difficulties when he takes his family to live in the country. Bright comedy, with Doris Day (1960).

4.50 If the Worst Happens. Emergency first-aid techniques, featuring a dramatic pool-side rescue.

5.00 Hearts of Hot Shots: Part Deux. Jokey insider view on the making of the Top Gun spoof sequel.

5.30 Superdogs.

6.10 News.

6.25 Summer Praise with the Tall Ships.

7.00 Athletics: World Championships. Further live coverage from Stuttgart, featuring at 7.35 the men's 100m final. Can Linford Christie make up for his recent defeat in Zurich and clinch the world title in the most eagerly awaited event of the games? Also including at 7.15 the Women's 800m semi-finals and 7.50 the Men's 800m semi-finals, plus action from the finals of the women's shot putt and long jump, and the men's hammer and 20km walk. Introduced by Desmond Lynam, with commentary by David Coleman.

8.15 Strathblair. Andrew's election campaign angers Sir James, and further friction arises at a public meeting in the village.

9.05 News and Weather.

9.20 Film: Travelling North. Leo McKern plays a retired Australian businessman who leaves Melbourne to build a new life in sunnier climes. Comedy, with Julia Blake (1987).

10.55 Everyman. A disturbing look at the links between suicide and family tension.

11.35 Film: This Child is Mine. A childless couple endures heartache after adopting a child. Melodrama, starring Lindsay Wagner (1985).

1.10 Weather.

1.15 Close.

BBC2

6.15 Open University. 9.10 System 93. 9.35 Teenage Mutant Hero Turtles. 9.55 Jonny Briggs. 10.15 Rugrats. 10.40 Grange Hill. 11.00 FOT. 11.25 What's That Noise? 11.50 The O Zone.

12.00 Sunday Grandstand. Introduced from London by Steve Rider, and from Stuttgart by Desmond Lynam. Including at 12.05 Yachting: The Ultra 30 Series. Coverage of the first two legs from Strathclyde Park near Glasgow and Pwllheli, North Wales. 12.30 Motor Racing: The British Touring Car Championship. Round 12 from Oulton Park. 12.45 The Hungarian Grand Prix from Budapest. Round 11 of this year's Formula One Championship. 3.00 Athletics: World Championships from Stuttgart. Highlights of this morning's events. 3.15 Golf: Women's British Open. The final round from Woburn. 4.55 Athletics: More action from Stuttgart. Including at 5.40 the semi-finals of the men's 100m. 6.30 Athletics and Golf: Further coverage. Times may vary.

7.00 Rough Guide to the World's Islands Update. Magenta De Vine and Rajan Datar journey to the Philippines, visiting the capital, Manila, where a third of the population live in cardboard shacks.

7.50 The Prize. The strained relations between Middle Eastern oil-producers and Western consumers. When the 1973 Arab-Israeli war erupted, the Gulf states ceased oil trading, causing panic, rocketing prices and worldwide economic chaos.

8.45 Summer Dance. A performance of Paul Taylor's critically acclaimed Speaking in Tongues, a dance play set in a small US town dominated by the stern moral leadership of the charismatic local preacher.

9.45 Hungarian Grand Prix. Highlights of today's action in Budapest.

10.25 Moviedrome. A preview of tonight's cult film.

10.30 Film: The Long Riders. Brothers are cast as brothers in Walter Hill's stylish and violent Western about a gang of outlaws pursued by the law after a botched bank robbery. Starring David, Keith and Robert Carradine as the Younger brothers, Stacey and James Keach as the Jameses, Randy and Dennis Quaid as the Millers and Nicholas and Christopher Guest as the Fords. (1980).

12.05 Golf: US PGA Championship. Live action from the final round at the Inverness Club in Toledo, Ohio.

1.40 Close.

LWT

6.00 GMTV. 9.25 Heidi. 9.50 The Littlest Hobo. 10.15 The Mountain Bike Show. 10.45 Link. 11.00 Morning Worship. 12.00 Life and Soul. 12.30 pm Cobblestones, Cottages and Castles.

1.00 ITN News; Weather.

1.05 London Today; Weather.

1.10 Cartoon Time.

1.30 An Invitation to Remember. An interview with actor Richard Todd.

2.00 Cathedral. York Minster.

2.35 The Sunday Match. Southend United v Nottingham Forest. Life after Brian begins for Nottingham Forest in the modest confines of Roots Hall. Frank Clarke has lost Nigel Clough, Roy Keane and Gary Charles but has also spent heavily to try and build a squad to regain a place in the Premier League. His most expensive signing is Stan Collymore, from Southend. Where Forest's target is to escape the first division, Southend's is to stay in it. Commentary by John Helm and Ian St John, while Gabriel Clarke reports on Wycombe Wanderers' first day in the league.

5.30 The $64,000 Question.

6.00 London Tonight; Weather.

6.20 ITN News; Weather.

6.30 Father Dowling Investigates. An evening of literary bloodshed begins with the ecclesiastical sleuth investigating the murder of an author.

7.30 Second Thoughts. Hannah's departure for university prompts an undignified scramble for her room.

8.00 Film: New Columbo: Murder in Malibu. Another writer suffers an untimely death. The crumpled detective investigates the murder of a romantic novelist. Starring Peter Falk (TVM 1989).

9.45 ITN News; Weather.

10.00 London Weather.

10.05 Over the Rainbow. Would-be songwriting sensations Neil and Spence get caught up in a shady scheme involving unusual underwear and dodgy money. Starring Peter Sullivan, Ian Targett, Angeline Ball and Bronagh Gallagher.

10.35 The South Bank Show. An interview with Paul Simon, featuring his 1991-92 World Tour.

12.05 Monarchs of the Glen.

1.05 Island Son.

2.00 Cue the Music.

3.00 Get Stuffed; ITN News Headlines.

3.05 Extreme Asia.

3.35 Get Stuffed; ITN News Headlines.

3.40 Film: The Death of Me Yet. A former spy finds his past catching up with him. Thriller, starring Doug McClure (TVM 1971).

0.00 Crusade in the Pacific.

CHANNEL4

6.00 Early Morning. 9.30 Dennis. 9.45 Flipper. 10.15 Owl TV. 10.45 Land of the Giants. 11.45 Little House on the Prairie.

12.45 Film: The Song of Bernadette. Drama based on the vision at Lourdes. A young French girl incurs the wrath of her community when she claims to have been visited by the Virgin Mary. The film won four Oscars and stars Jennifer Jones, William Eythe, Charles Bickford and Vincent Price (1943).

3.35 The Snowman. Disney-style animation.

3.50 Orchestra! Dudley Moore and Sir Georg Solti conclude the series with a performance of Richard Strauss' Don Juan.

4.25 The Christians. The formation of the Methodist Church. Shown previously on ITV.

5.25 News Summary.

5.30 Hypnosis. Music showcase, featuring Yazz and Aswad.

6.00 The Real World. Julie spends a night in the park.

6.30 The Cosby Show.

7.00 Equinox. New series. Bridges rarely fail but when they do, who is to blame? The programme analyses some of the triumphs and disasters of civil engineering, and examines the difficulty of reconciling innovation and safety requirements.

8.00 Concerto! Dudley Moore and conductor Michael Tilson Thomas present six orchestral concerts, beginning with Mozart's concerto for flute and harp, performed by James Galway and Marisa Robles.

9.00 Film: Torch Song Trilogy. Tearjerker based on three critically acclaimed Broadway plays charting the life and times of a flamboyant drag queen in modern-day New York. Harvey Fierstein, Anne Bancroft and Matthew Broderick star. Commencing Summer's Out, a season of programmes devoted to gay and lesbian issues (1988).

11.15 Thank You and Goodnight! A personal documentary-drama in which US film-maker Jan Oxenberg uses a variety of images and styles to tell the story of how she said goodbye to her dying grandmother.

12.45 Film: La Senora. A young woman is forced into an unhappy marriage with a rich old man, who dies leaving her childless. Desperate for love, she tries to buy the attentions of a younger man. Spanish drama, starring Silvia Tortosa. Part of the World Cinema season (1987). (English subtitles).

2.35 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA:
9.25 The Three Caballeros. 10.05 Cartoon Time. 10.15 The Littlest Hobo. 12.30 Countrywide. 12.55 Anglia News. 1.10 Stuntmasters. 2.35 Anglia Sport Special. 6.00 Anglia News on Sunday 10.00 Anglia Weather.

CENTRAL:
9.25 The Three Caballeros. 10.05 Cartoon Time. 10.15 The Littlest Hobo. 12.25 Central News Week. 12.55 Central News 1.10 Family Theatre. 2.35 Take 15. 2.50 The Central Match – Live. 5.05 The $64,000 Question. 5.35 Life Goes On. 6.15 Central News 8.30 Murder, She Wrote. 10.00 Local Weather.

GRAMPIAN:
9.25 The Three Caballeros. 10.05 Cartoon Time. 10.15 The Littlest Hobo. 10.45 Cartoon Time. 11.00 Deanamaid Gairdeachas. 11.45 Link. 12.30 Gardener's Diary. 12.55 Grampian Headlines. 1.10 Laoidhean is Sailm. 1.40 Cathedral. 2.15 Beyond 2000. 0.10 Rocksport. 3.30 The Mountain Bike Show. 4.00 The $64,000 Question. 4.30 Scotsport. 5.30 North Tonight Special. 6.00 Grampian Headlines 6.05 Eikon. 8.30 Murder, She Wrote. 10.00 Grampian Weather.

GRANADA:
9.25 The Three Caballeros. 10.05 Cartoon Time. 10.15 The Littlest Hobo. 12.25 Young Up Front. 12.55 Granada News 1.10 Sky High. 2.35 The Great Race. (1965) 5.20 Father Dowling Investigates. 6.15 Granada News 6.30 Coronation Street.

HTV:
9.25 Mother Holle. 10.15 The Littlest Hobo. 12.25 HTV News. 12.30 HTV Newsweek. 1.30 Meredith on Sunday. 2.35 The West Match Live. 5.45 The $64,000 Question. 6.15 HTV News. 10.00 HTV Weather.

MERIDIAN:
9.25 The Three Caballeros. 10.05 Cartoon. 10.15 The Littlest Hobo. 12.30 The Turning Point. 12.50 Meridian News. 1.10 Cathedral. 1.45 Sprockets. 2.15 The Superbug on Extra Tour. (1973) 4.05 Cartoon. 4.20 Life Goes On. 5.15 The $64,000 Question. 5.45 Champions. 6.15 Meridian News. 6.30 Murder, She Wrote.

SCOTTISH:
9.25 The Mountain Bike Show. 9.50 Highway to Heaven. 10.45 Wemyss Bay 902101. 11.30 Link. 11.45 Sunday Service. 12.30 Life and Soul. 12.55 Scotland Today. 1.10 Brand New Life. 2.35 Wanted: Dead or Alive. 3.05 The A-Team. 4.00 Bullseye. 4.30 Scotsport. 5.30 The World's Greatest Stunts. 6.00 Scotland Today 6.05 Eikon. 10.00 Scottish Weather.

TYNE TEES:
9.25 Pippi on the Run. 12.25 Lives In Focus. 12.50 Tyne Tees Newsweek. 1.10 Bon Voyage. 2.35 The Sandwich Man. (1966) 4.25 Life Goes On. 5.20 The $64,000 Question. 5.50 Tyne Tees Weekend. 10.00 Local Weather.

WESTCOUNTRY:
9.25 The Three Caballeros. 10.05 Cartoon Time. 10.15 The Littlest Hobo. 12.30 Westcountry Update. 12.55 Westcountry Weekend Latest. 1.10 Exile. 2.50 Life Goes On. 2.50 Target Risk. (1975) 5.05 Cartoon Time. 5.15 Champions. 5.45 The $64,000 Question. 6.15 Westcountry Weekend Latest. 6.30 Murder, She Wrote.

YORKSHIRE:
9.25 Pippi on the Run. 12.25 The Littlest Hobo. 12.50 Calendar News. 1.10 Bon Voyage. 2.35 The Sandwich Man. (1966) 4.25 Life Goes On. 5.20 The $64,000 Question. 5.50 Calendar News and Weather 10.00 Local Weather.

RADIO

SATURDAY

BBC RADIO 2
5.00 Sujata Barot. 8.05 Brian Matthew. 10.00 Sarah Kennedy. 12.00 Hayes on Saturday. 1.30 The Queen of Romance. 2.00 Summer Afternoon with Debbie Greenwood and Paul Cola. 4.00 Ronnie Hilton. 5.00 Cinema 2. 5.30 Nick Barraclough. 6.00 Steve Race. 7.00 Katie and Friends. 7.30 Barry Manilow in Concert. 9.30 David Jacobs. 10.00 The Arts Programme. 12.05 Ronnie Hilton. 1.00 Jon Briggs. 4.00 Sujata Barot.

BBC RADIO 3
6.35 Open University: Novel-Reading – The Rational Amusement. 6.55 Weather.
7.00 Saturday Morning Concert.
9.00 News.
9.05 Prom News.
9.20 Record Release.
12.00 Spirit of the Age.
1.00 News.
1.05 Colin Stone.
1.50 The Marriage of Figaro.
5.00 Jazz Record Requests.
5.45 Saint-Saens and Schumann.
6.40 Music For Two Harpsichords. Couperin and Bach.
7.15 Prom News. Look ahead to the week's concerts from the Royal Albert Hall.
7.30 Proms. Shostakovich, Thomas Wilson, Holst.
9.30 Studio Three: Happy Depths of a Homophobe. Peter Tegel's study of homosexual male desire.
10.30 Modern Jazz Quartet. Ellington, Milt Jackson, John Lewis, Bernice Petkere, Percy Heath, Sigmund Romberg.
12.30 News. 12.35 Close.

BBC RADIO 4
6.00 News.
6.10 The Farming Week.
6.50 Prayer for the Day.
7.00 Today.
9.00 News.
9.05 Sport on 4.
9.30 Breakaway.
10.00 The Masterson Inheritance.
10.30 In Excess. Armando Iannucci explores leisure options.
11.00 Talking Politics.
11.30 From Our Own Correspondent.
12.00 Inside Money. A look at divorce.
12.25 They Think It's All Over. Sports quiz.
1.00 News.
1.10 Any Questions?
2.00 Any Answers? 071-580 4444
2.30 Playhouse: Other People's Lives. By Marilyn Morris.
4.00 Age to Age.
4.30 Science Now. The latest developments.
5.00 Costing the Earth.
5.25 Bright Sparks.
6.00 News.
6.25 Struck Off and Die. Irreverent new comedy.
0.00 The Locker Room. The appeal of body-building.
7.20 Kaleidoscope.
7.50 Saturday Night Theatre: The Bell. Vincent Macinerney's Liverpudlian comedy thriller.
9.20 Music in Mind.
9.50 Ten to Ten.
10.00 News.
10.15 Ninetysomething. Death and bereavement.
10.45 Encounters. Great figures of the past.
11.00 The Tingle Factor. With conductor Barry Wordsworth.
11.30 The Young Postman. By Ben Miller. Last in series.
12.00 News.
12.33 Shipping Forecast.
12.43 (FM) Close.
12.43 (LW) As World Service.

BBC RADIO 5
0.00 World Service.
6.30 Mark Curry's Weekend Edition.
9.30 Go!
12.00 Sport on 4 Plus 1.
12.30 Sportscall.
1.30 Sport on Five.
8.30 Le Top.
9.30 Nightbeat.
10.15 The Way Out.
12.00 Close.

WORLD SERVICE
BBC for Europe can be received in western Europe on medium wave 648 kHZ (463m) at these times GMT:
0.00 News. 6.30 Europe Today. 7.00 News; News About Britain; The World Today. 7.30 Meridian. 8.00 Newsdesk. 8.30 Inside Westminster. 0.00 News; Words of Faith; A Jolly Good Show. 10.00 News; Business Report; Worldbrief. 10.30 Personal View. 10.45 Sports Round-up. 11.00 News Summary; Jazz Now And Then; Letter From America. 11.30 BBC English. 11.45 Mittagsmagazin: News in German. 12.00 Newsdesk. 12.30 Meridian. 1.00 News; Words of Faith; Multitrack Three. 1.45 Sports Round-up. 2.00 Newshour. 3.00 News; Sportsworld. 4.00 News; BBC English. 4.30 Heute Aktuell: News in German. 5.00 News; Sportsworld continued. 6.00 BBC English. 6.30 Heute Aktuell: News in German. 7.05 German Features. 8.00 News; From Our Own Correspondent. 8.30 Personal View. 8.45 From The Weeklies. 9.00 News; Words of Faith; Sportsworld. 9.30 Meridian. 10.00 Newshour. 11.00 News; News About Britain; Jazz For The Asking. 11.45 Sports Round-up. 12.00 News; Words of Faith; Book Choice; A Jolly Good Show. 1.00 Newsdesk. 1.30 Play of the Week: That Summer. 3.00 Newsdesk. 3.30 Images Of Wales. 4.00 News; News About Britain. 4.15 Sports Round-up. 4.30 BBC English. 4.45 News and Press Review in German.

SUNDAY

BBC RADIO 2
7.00 Good Morning Sunday. 9.05 John Sachs. 10.30 Hayes on Sunday. 12.00 Desmond Carrington. 2.00 Benny Green. 3.00 Alan Dell. 4.00 Tea at the Imperial. 4.30 Sing Something Simple. 5.00 Charlie Chester. 7.00 Richard Baker. 8.30 Sunday Half Hour. 9.00 Alan Keith. 10.00 The Arts Programme. 12.05 Jon Briggs. 3.00 Alex Lester.

BBC RADIO 3
6.35 Open University: Europe and a Changing World - Securing the Future. 6.55 Weather. 7.00 Renaissance Music from Spain and Italy. 0.00 News. 9.05 Patricia Routledge presents Brian Kay's Sunday Morning. 12.00 Vintage Years. 1.00 News. 1.05 Poetry in Action. 1.20 La Juste. 1.45 Berlin Philharmonic Orchestra. 3.30 Alfred Brendel Plays Beethoven. 5.25 BBC Scottish Symphony Orchestra. David Gow and Robin Orr. 5.50 Saint-Saens and Schumann. 6.55 La Trulla. Bartomeo Carceres Ensalada. 7.30 Proms. Takemitsu, Mozart, Tippett, Strauss. 10.05 Sunday Play. The Leftover Heart, an award-winning drama by Andrew Alty. 11.30 First Again. Justin Connolly and Nicholas Sackman. 12.10 El Fuego. 12.30 News. 12.35 Close.

BBC RADIO 4
6.00 News.
6.10 Prelude.
6.30 Morning Has Broken.
7.00 News.
7.10 Sunday Papers.
7.15 On Your Farm.
7.40 Sunday. Religious news.
8.50 Appeal on behalf of Alcohol Concern.
9.00 News.
9.10 Sunday Papers.
9.15 Letter from America.
9.30 Morning Service.
10.15 The Archers. Omnibus.
11.15 News Stand.
11.30 Pick of the Week.
12.15 In the Psychiatrist's Chair.
1.00 The World This Weekend.
2.00 Gardeners' Question Time.
2.30 Classic Serial: Alexander. Part five of David Wade's serial.
3.30 Tolstoy - At War and Peace.
4.00 Ages Past. Learning to Obey - The Years of Adolescence.
4.47 Siesta Days, Fiesta Nights.
5.00 Leslie Thomas in a Novel Setting.
5.30 Poetry Please!
6.00 Six O'Clock News.
6.15 Letter from Louis Tricherdt.
6.30 Notes From Laputa. Fintan O'Toole's journey through Ireland.
7.00 The Hidden Spirit.
7.30 A Good Read.
8.00 Punters.
8.30 Laughing Aloud. Great Bus Journeys of the World.
9.00 The Natural History Programme.
9.30 Special Assignment.
10.00 News.
10.15 The Memoirs of Sherlock Holmes. The Resident Patient.
11.00 Out of Order. Political quiz.
11.30 Seeds of Faith.
12.00 News.
12.33 Shipping Forecast.
12.43 (FM) Close.
12.43 (LW) As World Service.

BBC RADIO 5
6.00 World Service.
6.30 Mark Curry's Weekend Edition.
9.30 Whoppers.
10.00 Athletics: World Championships.
11.30 Fantasy Football League.
12.40 Open Forum.
1.00 Sunday Sport.
8.00 Open University.
10.00 News and Sport.
10.10 Open University: Witness to Change.
10.00 Across the Line.
12.00 Close.

WORLD SERVICE
BBC for Europe can be received in western Europe on medium wave 648 kHZ (463m) at these times GMT:
6.00 Newshour. 7.00 News; News About Britain; Letter From America. 7.00 Jazz For The Asking. 8.00 Newsdesk. 8.30 From Our Own Correspondent; Write On. 9.00 News; Words of Faith; Ray On Record. 10.00 News; Business Review. 10.15 Short Story: The House and the Pot. 10.30 Folk Routes. 10.45 Sports Round-up. 11.00 News Summary; Science in Action. 11.30 BBC English. 11.45 News and Press Review in German. 12.00 Newsdesk. 12.30 Play of the Week: That Summer. 2.00 Newshour. 3.00 News Summary; Images Of Women, Images Of Men. 3.30 Anything Goes. 4.00 News; BBC English. 4.30 News and Features in German. 5.00 News; News About Britain; Images Of Wales. 5.45 Letter From America. 6.00 BBC English. 6.30 News And Features in German. 8.00 Music Inside Out. 8.30 Europe Today. 9.00 News; Words of Faith; Sportsworld. 9.30 Brain of Britain. 10.00 Newshour. 11.00 News; News About Britain; Short Story: The House and the Pot. 11.30 Letter From America. 11.45 Sports Round-up. 12.00 News; Business Review; Ray On Record. 1.00 Newsdesk. 1.30 In Praise Of God. 2.00 News Summary; The Record Producers. 2.45 Arabian Sounds. 3.00 Newsdesk. 3.30 Composer Of The Month: Felix Mendelssohn. 4.00 News; News About Britain. 4.15 Sports Round-up. 4.30 BBC English. 4.45 News And Press Review in German.

CHESS

MANY CLUB and tournament chess players base their decisions on general strategic principles rather than calculation. Masters and experts, however, have to know when to break the rules by paradoxical choices which are right uniquely for a given position.

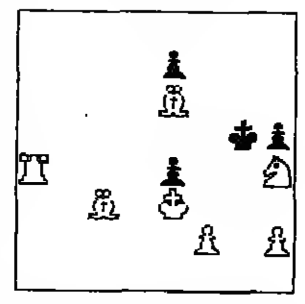
One maxim is that a cramped situation is improved by piece exchanges so, in this British championship game, Black trades bishops and knights eagerly. He misses White's de-centralising pawn capture at move 14, which opens up a route for White's rooks against the black king.

White's quantum jump was to envisage the potential dark square targets round the black king. The final attack is easy if you know the strength of an f6 pawn in setting up checkmate threats (J. Emms, White; G. Lee, Black; Dundee 1993).

1 e4 c6 2 d4 d5 3 Nd2 Nd7 Less flexible than the usual dxe4. 4 e5 Nb6? This piece is later missed sorely on the other flank. 5 Bd3 Nh6 6 Ndf3 g6 7 Ne2 Bf5 8 Ng3 Bxd3 9 Qxd3 Qd7 10 0-0 Nf5 11 Re1 e6 12 Bg5 Be7 13 b3 Nxg3? If 0-0 14 Nxf5, Bh6 and Ng5 with an attack, so Black should try 13...Rc8 and Na8-c7, meeting Nxf5 by exf5 and a blockade with Ne6.

14 fxg3 Bxg5 15 Nxg5 Qe7 16 Qd2 c5? Better h6. 17 Rf1 0-0 18 Rf6! Nd7 19 Raf1 Now if Nxf6 20 exf6 Qd6 21 Ne4 dxe4 22 Qh6 wins, while in the game White breaks through at f7. cxd4 20 Rxf7 Rxf7 21 Rxf7 Qc5 22 Rg7+! Resigns.

PROBLEM NO 987



White mates in three moves, against any defence (by F. Giegold). A deceptively simple-looking puzzle which sorts out solvers; if you do not crack it within 10 minutes, it might take you hours.

Solution Page XVI

Leonard Barden

BRIDGE

LACK OF foresight costs many a contract. Study this deal from rubber bridge:

N
♠ A 3
♥ A Q 2
♦ Q 6 2
♣ A 7 5 4 2

W
♠ 9 7 2
♥ 10 8 7 5
♦ K 10 7 5
♣ J 9

E
♠ 5
♥ K J 9 4
♦ 9 8 4 3
♣ Q 10 8 3

S
♠ K Q J 10 8 6 4
♥ 6 3
♦ A J
♣ K 6

With both sides vulnerable, North dealt and opened the bidding with one no-trump – a minimum with poor "undergrowth" – and South bid a Gerber four clubs, asking for aces. North's reply of four no-trumps announced three aces. South now bid five no-trumps, asking for kings. Learning from the reply of six clubs that North had no king, South bid six spades, concluding the auction.

West led the five of hearts and dummy's queen lost to the king. East returned a heart, removing dummy's ace.

Declarer crossed to his club king, cashed dummy's ace and ruffed a club high in hand, but West showed out. With only one entry to the table, the fifth club could be established but not enjoyed, so South cashed king and ace of spades and finessed the diamond knave, losing to the king – one down.

Wrong contract, and played badly. After North's six clubs, South should have bid six no-trumps. As North holds no king, he must have two queens. If one is the club, the contract is cold; if he holds both red queens, dummy's heart queen is protected from the opening lead.

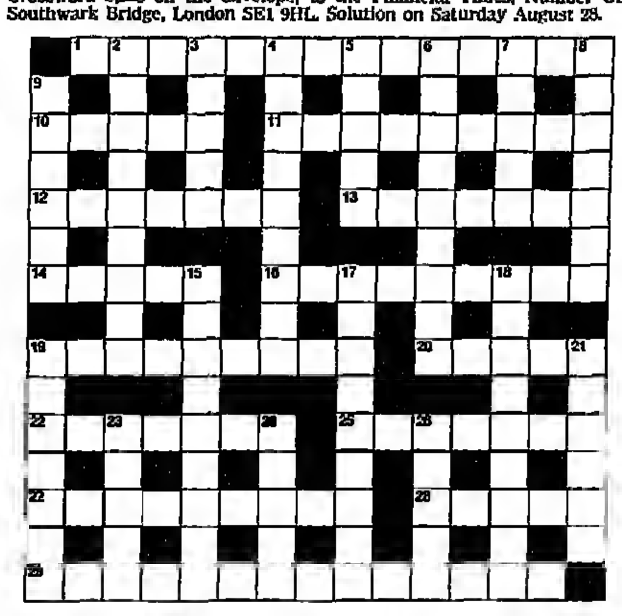
Can we make six spades? At trick one, we play dummy's heart two. East wins with knave and switches to a diamond. We take with our ace; cash king and ace of clubs; ruff a club high in hand; cross to the spade ace; ruff another club high in hand; draw the trumps; cross to the heart ace, and discard our diamond knave on the seven of clubs.

E.P.C. Cotter

CROSSWORD

No. 8,228 Set by DINMUTZ

A prize of a classic Pelikan Souverän 800 fountain pen, inscribed with the winner's name for the first correct solution opened and five runner-up prizes of £35 Pelikan vouchers. Solutions by Wednesday August 25, marked Crossword 8,228 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday August 28.



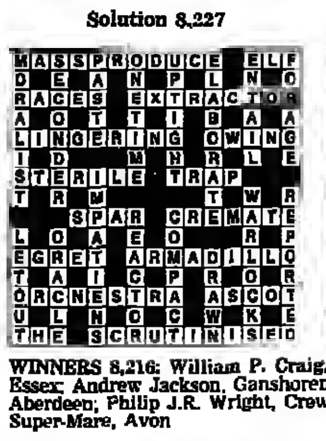
ACROSS
1 In his turn, he may take in Toledo (5-9)
10 Off-season does not open in Bury, we hear (5)
11 Permanently white sheets in folds, we order (9)
12 Jabber in the clinic? (7)
13 Ribbons knotted as a favour (7)
14 Something wrong with a girl . . . (5)
16 . . . "not separated" exclusive! (9)
19 Revs up? (3-6)
20 Religious instruction going to heaven is touch-and-go (5)
22 A mine in California produces wealth (7)
25 Former wife has to iron train (7)
27 Girl frequently winning on points? (9)
28 A man, say (with capital), is dividing the church (5)
29 Method of meditation that is surpassing others (14)

DOWN
2 Well, I try a permutation that comes up on the pools (5-4)
3 Film shown again a bit nearer, unexpectedly (5)
4 Holding on in bar, having drunk one's stout? (9)
5 Love affair of a doctor visiting ancient city (5)
6 Beach patrolman always a thrifty sort, we hear (4-5)
7 What about energy in breakfast food? (5)
8 Carrots can be blue in Australia (7)
9 Possibly make it safe for the holiday (6)
15 Incompetent without a shirt? (9)
17 Discount for girl's watch (9)
18 "Indigestion", said Pepys, in error (9)
19 Was it used to introduce a sliding-scale? (7)
21 Enemy's routed these sycophants (6)
23 Former US president going to a dance (5)
24 French banker has nothing in Italian currency (5)
26 Unaffected grassland (5)

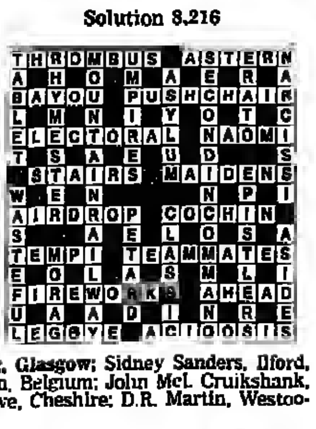
Name...

Address...

Solution 8,227



Solution 8,216



WINNERS 8,216: William P. Craig, Glasgow; Sidney Sanders, Ilford, Essex; Andrew Jackson, Ganshoren, Belgium; John McL Cruikshank, Aberdeen; Philip J.R. Wright, Crewe, Cheshire; D.R. Martin, Westoe-Super-Mare, Avon

Private View / **Christian Tyler**

The whole Globe on his shoulders

IT TOOK Shakespeare and his fellow shareholders a few months to move their Globe theatre from Shoreditch to Bankside in 1588. It will have taken Sam Wanamaker, the American actor-director, more than 25 years to reconstruct it – if he gets there at all.

His monomaniac dedication to rebuilding the Globe has been more derided than applauded. But four sections of a 20-sided timber playhouse have risen from their concrete plinth by the River Thames, two more will be added in September, and last month Wanamaker was made an honorary Commander of the British Empire. Are the doubters themselves beginning to doubt the thing can never happen?

I found the 74-year-old impresario in his Bear Gardens museum next door, wrapped against the summer cold, and asked him what made him persist. Any normal person, I said, would have quit long ago.

"Yes, that's true. I think it's because I'm a stubborn person, that I have very strong convictions and that I had – and have – a vision of what this project will be. And it can only be successful. It can only be successful on all kinds of levels. It will transform the nature of theatre in this country and in America."

There are mock Globes all over the world, though none claiming the architectural authenticity of this one. Wanamaker saw his first Shakespeare in a Globe in Chicago, where he was born. As a drama student he worked in another replica at the Great Lakes festival in Cleveland, Ohio.

"So when I came to England in 1949 to find the original Globe and found nothing except a plaque on a wall, I was bewildered. Here was potential for touristic exploitation."

Wanamaker's reconstruction is about 100 yards from the remains of the original Globe, which lie directly behind the head office of the *Financial Times* and next door to Christopher Marlowe's Rose Theatre. The foundations of both were uncovered recently – a mixed blessing, as it turned out, for the Bankside pioneer.

Wanamaker will not – cannot – see anything wrong with his idea. Why, then, has it taken him a quarter of a century to realise it?

The usual answer is that Shakespeare is already in good supply. The National Theatre is half a mile along the South Bank, the Barbican Theatre, the London home of the Royal Shakespeare Company, is across the water, and Stratford-on-Avon amply satisfies the need for a national shrine.

Wanamaker has better explanations. For one thing, he said, the Establishment has a down on him.

"I am convinced that if somebody like Peter Hall or Ian McKellen or Trevor Nunn had decided this was a good idea it would have been built years ago, with government funding. But I was an alien in more ways than one: I was not only a British alien. I was a London alien and a Southwark alien. The theatrical establishment has no truck with me whatsoever."

Why is that?

"You can well ask. I think it's typical British condescension. First of all, they don't think Americans can do Shakespeare – that it's their British birthright. I haven't got a great theatrical Shakespearean background: I don't claim to be an expert Shakespearean. But not one – and I know them all – not one of them has given me their voluntary support for this project." His voice had risen angrily. "Not one, in the 24 years that I've been involved.

"They clearly believe that what I was trying to do was self-aggrandisement. They also had, I think, that innate suspicion regarding all Americans – that they are money-grubbing, out to make a fast buck."

Did you, as a matter of fact, think you might make a lot of money out of it?

"No. I never thought I would make a lot of money out of it. I have been accused of this over and over again by the local authority. I threatened to sue one of the Southwark council members who said this in the chamber."

He continued: "A lot of my British friends say I'm obsessed by this ... what is it? ... xenophobia, and think I'm exaggerating. That's part of their demurring that there is no such attitude to Americans. You know very well there is. It's resentment for the fact that they had to turn to the Americans for help during the war. They welcomed it, but they resented it. And they still resent it."

It was not the Establishment but the newly-elected left-wing Labour council of Southwark in 1982 which did most to defeat him. Intent on restoring industry and housing to the south bank, they rescinded the decision of their moderate predecessors to give Wanamaker a site. It took him three years and a court action to get his planning permission back.

Wanamaker felt this blow keenly because he had himself been blacklisted in the US as a leftie. He is a British resident because in the early 1950s he was sub-poenaed by the House Un-American Activities Committee while filming in Britain and decided not to go home.

"I said (to the council): 'I'm on your side, but what you are doing is destroying a potential for new jobs, housing and industry.' I tried every way. It didn't matter that I was left-wing, blacklisted. They didn't give a damn about that. My whole history is creditable in terms of the action and sacrifices I undertook of time and money and effort to win through on social causes. I came from the working class. My father was poverty- stricken. As much as I appealed to my history, they just absolutely turned a blind eye."

The discoveries of the Rose and Globe remains should have helped Wanamaker more than they did. According to him, the "Establishment theatricals" seized on the "real" Rose to discredit his "fake" Globe. Negotiations for joint fund-raising failed and Wanamaker says he severed relations when Rose supporters began suggesting that Shakespeare had both acted and been acted at the Rose. "There is not one iota of evidence for that."

His blood pressure rose again when the press reported recently that an unknown American was negotiating with Lord Hanson, owner of the original Globe site, to buy the land and put up his own replica.

"The press is extremely naive," Wanamaker thundered. "They just pick up this press release. They don't ask who this man is. Do they call Hanson and say is he really negotiating, or what? No. They just print the bloody story." He was shouting now. "Then they call me up and say Whaddayou think ...?"

You get pretty angry about things, I said. Does it keep you *awake at night?*

"No, never! I don't get really angry, I get passionate. The difference is distinct. I flare up from time to time at the stupidity of people and the short-sightedness of people ... It doesn't take much imagination to see the potential of this."

What about your health? Is this thing driving you to an early grave?

"It's helped to keep me going. It's helped to keep me young and active and alive and it's involved me with all kinds of circumstances and people I would never ever have experienced."

What about the worry?

"No, I'm not a worrier. I sometimes get frustrated with people and situations but that never affected my health and never did anything but make me more determined."

That Wanamaker should still be trying to raise money after so many years made me wonder whether it was, in the end, his own personality that was the biggest obstacle to realising his dream.

He reflected. "Well, I think it is true to say that I have a difficult personality, that I rub people the wrong way – some people," he added quickly, "some people. It's also true to say that the bulk of the funding has been raised by me. Now, the only way you can raise money from the private sector is on a one-to-one basis.

"Therefore I think there is a contradiction there between my personality possibly being abrasive and the fact that I have the ability to convince people in a very difficult situation. It's very hard to judge oneself and one's personality."

After so many years you must have a pretty good idea.

"Well, I'm tenacious ..."

Is your abrasiveness due to frustration, impatience ...?

"Impatience, probably."

Because people are stupid, slow-witted?

"No, they're not stupid."

What is it?

"Well, you know I depended for many years on volunteers. People say they will do something and then don't do it. And that made me impatient. And of course I was very bitter, I suppose, with the extreme left in Southwark."

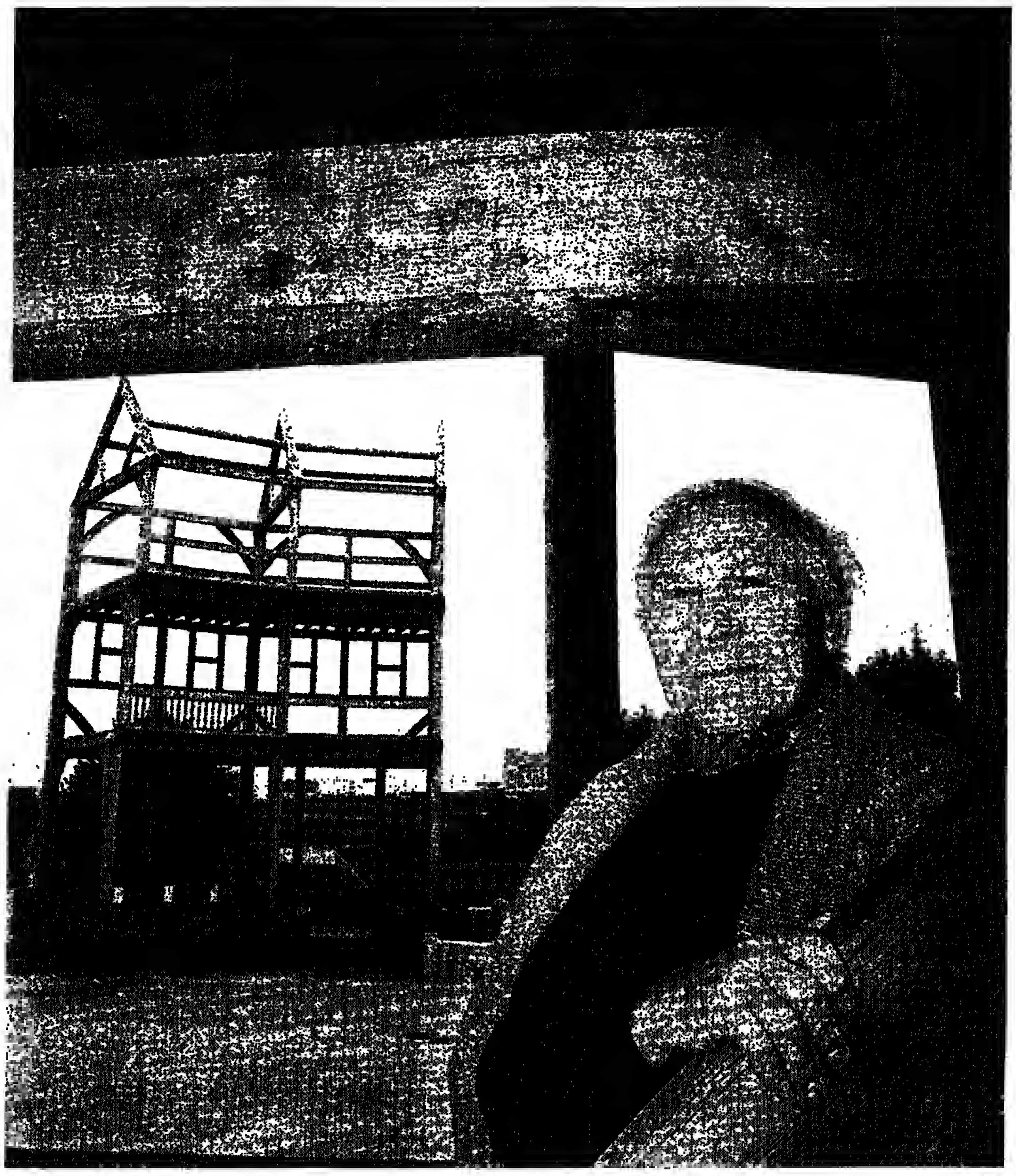
Do you thing you convey the impression of someone just trying to raise money for a self-glorifying project?

"No. Anybody who knows me, or spends time with me, cannot believe that I am superficial, or phoney or dishonest or self-aggrandising. *Cannot* believe it. It doesn't take more than a few minutes of discussion with me ... and I defy anybody to prove that I have ever gained anything out of this project other than a marvellous experience of life."

Wanamaker has spent £10m so far, needs £2m to complete the Globe and £8m to build the rest of a complex which is to include a second, indoor theatre, a museum, lecture hall, library, shops and restaurants. He says the proposed national lottery may help him.

Is this thing definitely going to be built now?

"How can you ask me that question after what I've said? Yes, Yes, *Yes!* It's on it's way to being built."



Colin Beere

***Sam Wanamaker** has spent 24 years battling to rebuild Shakespeare's theatre*

Corn on the cob

Michael Thompson-Noel

GOOD OLD *Country Life*. Some people are rude about it, you know. They say it is antediluvian, mimsy mamsy, camp and affected – cynical in its defence of a way of life and a set of values that should have died out in the Middle Ages.

At the Notting Hill dinner parties I usually go to – we eat everything with our fingers and have zillions of tons of cred – there is nothing like *Country Life* for generating laughter. You only have to mention it and the hands on the clapometer whirl giddily round and round.

"Did you know", someone will say, quoting a recent *article*, "that a set of Windsor chairs at Beaulieu, emblazoned with the arms of the second Duke of Montagu, may be the earliest Gothic-Revival chairs in existence?"

Or: "According to *Country Life*, the science of breeding English foxhounds was revolutionised in the first half of this century – the aim being to lighten their conformation and improve hunting ability by use of the Welsh outcrop."

Or: "The arrival of warm, sunburnished corn cobs in the kitchen is a reminder that the year is growing old. Snatched piping hot from the pan, corn-on-the-cob needs no other accompaniments than a supply of melted butter, a dish of fine sea salt, a fully charged pepper mill and a large, absorbent napkin."

Or: "It's a terribly good summer for voles ..."

I never join the laughter. For my

HAWKS & HANDSAWS

money, *Country Life* does a stalwart job in defending traditional values. It is a bulwark against the knockers, positive vs negative, a winking blip of sanity in a crazy, warring world wracked by pre-millennial tension.

I especially enjoyed its editorial comment in the August 5 issue, applauding the news that porters have been reinstated at London's King's Cross rail station just in time for the grouse season, "when sportsmen and women will begin the traditional struggle towards sleeper compartments, slung about with guncases, fishing rods and well-seasoned luggage. Now they need only part with a couple of pounds to find their impedimenta – up to five pieces – carried for them."

Well spoken, *Country Life*. But it did not rest on its laurels. Instead, it broadened its argument by calling for changes to the employment laws so that it would be easier to find servants to work in the countryside. It wants the cost of employing domestic staff to be allowable against tax. "The notion that only the small number of [house] owners lucky enough to employ butlers would gain from it is absurd", said the magazine. "The majority of domestic staff in the countryside consist of daily cleaners, gardeners and grooms who work in and round houses that are by no means ducal."

I agree with this entirely. I have a PA and a *cleaner; otherwise* I am bereft. I choose my own clothes in the morning and drive myself to work where I have to operate the lift (elevator, to Americans) to reach my third-floor office. I do my own telephoning and all my own typing and actually write this column. Yes, I write this column personally. No one lends a hand. You would think I would write the intro and then someone would take over.

At lunch in the corporate restaurant I choose all my own food and stagger around with a tray. Then I do more telephoning and perhaps a bit more typing and probably attend a meeting. – I have to attend in *person* – and then I drive home again through nasty beasty traffic where I cook my own dinner and choose a bedtime book which I have to read out loud to myself because there is no one to read it for me.

All of which is outrageous. I am not the sort of person who was put on this planet to choose his own clothes, drive himself to work, operate lifts (elevators, to Americans), do his own telephoning, actually write a column, serve himself in restaurants, personally attend meetings, cook his own dinner, read his own book or wrestle with any of the humiliating tasks and challenges which beset modern life.

I am the sort of person who should live in a moated manor house with servants to dress him, drive him, feed him, read to him and tell him whether this is a good summer for voles or an absolutely brilliant one.

Dear old *Country Life*. Its campaign for tax deductible servants is steeped in rightness. The next time people laugh at it at a Notting Hill dinner party I shall bang my corn cob on the table and make my opinion known.

As They Say in Europe / **James Morgan**

English like it should be spoke

I READ the other day that Liz Forgan, the boss of BBC radio, was worrying about accents. She has commissioned research into what the London *Evening Standard* called the "tyranny of the well-spoken south over national broadcasting." She said: "I think sometimes we sound a little monotonous ... like a narrow slug of the population."

I am as prejudiced as any narrow slug and, therefore, glad to take *advantage of the new freedom* of debate within the BBC. But all I have to contribute is to wonder why our concern to give regional accents a fair hearing is not shared elsewhere.

In countries as different as France and Poland, you go to a special school to make sure you speak proper before broadcasting. In Germany, if *you work for Bayerische Rundfunk*, you might allow a trace of Munich or Upper Bavaria in your voice, but no more.

In Switzerland, the national news is read in Hochdeutsch, or standard German, even though no Swiss-German speaks it routinely. The only European country that allows significant variations in speech is Spain – but for local broadcasts *only*. Even in England, *surveys* have shown that people prefer the sound of standard English.

The problem goes much deeper, however, than agonising over the precise mix of regionalism that is necessary.

There was a letter in *The Guardian* last April from Professor Richard M Hogg of Manchester University. *In it, he contested an assertion* by the education secretary, John Patten, who had said that "Clive and me went to Wembley" was incorrect grammatically.

Hogg replied: "The sentence may not be formally correct but it is grammatically correct, just as the equally correct 'Clive and I went to Wembley' would be inappropriate in many informal situations (such *as the school* playground)."

This was a savage blow to people like me who had been taught that "I" was the subject and "me" the object, only to be varied in the case of "It's me." (The French similarly say *"C'est moi,"* but no professor of French would say that *moi* and *je* are interchangeable).

In England, it is necessary to accept situational grammar. Yet Prof Hogg has left me with many worries. Is the following sentence correct? – "Dave and me was up the Garden last night watchin' *Turandot*. Gwyneth Jones sung real good."

In other countries, any form of incorrectness, let alone yobspeak, is regarded with derision. Lech Walesa is sneered-at by Warsaw *taxi drivers for his failure* to employ the locative case correctly.

The greatest enthusiasm for linguistic purity is found among the people whom I regard as the best educated in Europe, the Czechs. When I was in Prague shortly after the fall of communism, among the many graffiti was the frequent appearance of one word, *Mylos* – a *jibe* directed at the last communist boss, Milos Jakes.

The point is that *i* and *y* sound the same in Czech but their use is defined strictly. Jakes himself spoke bad Czech and this contributed to the contempt in which he was widely held. The graffito implied that he could not spell his own name.

Accompanying Prof Hogg's letter in *The Guardian* was one from Andy Gibbons of the Campaign for Raising Standards in English, a name that many will find curiously misleading, for he wrote: "Expressions such as 'We was ...' are a social irritant rather than a barrier to communication."

I now realise I must drop my hidebound approach to the English language and *accept the doctrine* that everything is as good as everything else and sometimes much better. Nevertheless, I still worry why it is that I find "me are" less acceptable than "us is."

There remains the problem of what to do about those who put their officially-sanctioned freedom into practice and end up unemployed rather than as doctors, investment bankers or barristers.

In countries which have yet to catch up with Britain, the standard spoken tongue is respected *because* it provides a standard; it is the language that a foreigner learns, the tongue in which normal debate can be conducted while minimising the risk of being misunderstood.

Those who speak the standard tongue are not especially respected. But they are certainly not derided: they provide a barrier against anarchy.

When I was in Japan recently, I saw a bilingual sign in a shop. The English version said: "Children's wear." That is right. Not "Childrens wear," nor even "Childrens' wear." They are so tedious, the Japanese, fussing about getting things right.

■ *James Morgan is economics correspondent of the BBC World Service.*

■ Continued from Page I

Coal barge through Europe

kind of freedom. From one minute to the next, life on the river is constant change."

And so it is. By late evening, the radar screen glowing green in the darkness of the *Vecht's* wheelhouse, we had passed the lights of the town of Boppard and moored out of the main shipping channel for the night.

Under the aft-deck the Veldmans retired to a sitting room full of books and music and plants in quarters as comfortable as those of any suburban flat. With the Veldman children far away in boarding schools in the Netherlands, I settled down for the night in a snug bedroom wall-papered in clouds of pink and white. Surrounded by puppets and wide-eyed dolls and the sound of the current ceaselessly swirling around the stern, I drifted through a night of restless dreams.

■ ■ ■

IT DID not last long. By 5am the floor beneath my bunk shuddered, the engine below roared into life and we were moving between the high hills of the Rhine gorge. This is the narrowest part of the river on its 1,000km length between Lake Constance and Rotterdam on the North Sea, and also the fastest.

Up on deck, passing St Goar with the great defensive walls and turrets of Rheinfels castle above us, I saw that the river's width had shrunk from its customary 100m to something less than 50m. The surface of the water was covered with rags of drifting mist, but they were not thick enough to hide signs of a current now surging downstream at more than 10kph. That may not sound fast. But in a narrow channel where 100m boats are negotiating winding bends, where eddys, whirlpools and broken white water cover submerged rocks and sandbanks, it is very fast indeed.

It is fast enough that the Lorelei, the high slate cliff that plunges into the Rhine in the mid-section of the gorge, has become celebrated in Germanic myth and song as a destroyer of ships and men. Certainly, watching Jan Veldman concentrating at the helm of the *Vecht* as she *churned upstream through* white water, it was fast enough for me to realise that the Rhine, no matter how domesticated and business-like it has become, remains an exciting river, one of the great waterways of the world.

That afternoon, some 180km from my starting point at Bonn and two hours past the confluence of the Rhine and the Main, I bade my farewells and jumped ship. It was time to head back down the river and home. In Rudesheim – a renowned producer of Rhine wine and one of the kitschiest tourist traps in Germany – I boarded the *MV Koblenz*.

As if on cue the clouds cleared, the sun appeared and the river turned from leaden grey to sparkling blue. From the crowded glassed-in dining room of the tourboat, the Rhine had become another river. The work-a-day world of the river disappeared and was replaced by the Rhine of dramatic sightseeing and syrupy *gemütlichkeit*.

On steep crags and hills above the vineyards, famous castles and fortresses slid by – *Ehrenfels*, Rheinstein, Marksburg, Reichenstein, Sooneck, Burg Maus. On the ship's Tannoy there was a commentary in three languages. At tha tables there were sausages and schnitzel galore. Steins of beer were emptied almost as quickly as they could be filled. At the Lorelei we all joined in singing Heinrich Heine's stirring ode to the river.

There were tears in people's eyes, sentimental pride in their faces. They were romantic, jolly, and emotional in a way only Teutons can be. I was emotional, too. I was thinking of Jan Veldman sitting quietly with the rain beating on the wheelhouse of the *Vecht*, and missing it.